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Letter dated 12 June 2008 from the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia, and in accordance with paragraph 5 (e) of resolution 1792 (2007), I have the honour to submit herewith the report of the Panel of Experts on Liberia.

I would appreciate it if the present letter, together with its enclosure, were brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Giadalla Azuz **Ettalhi**
Chairman
Security Council Committee established pursuant
to resolution 1521 (2003) concerning Liberia

08-35019 (E) 130608

Letter dated 27 May 2008 from the Panel of Experts on Liberia addressed to the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003)

The members of the Panel of Experts on Liberia have the honour to enclose the report of the Panel, submitted in accordance with paragraph 5 (e) of Security Council resolution 1792 (2007).

(*Signed*) Tom **Creal**

(*Signed*) Guy **Lamb**

(*Signed*) Wynet **Smith**

Report of the Panel of Experts on Liberia submitted pursuant to paragraph 5 (e) of Security Council resolution 1792 (2007) concerning Liberia

Summary

Arms embargo

There were no serious violations of the Security Council arms embargo during the Panel's mandate. However, a series of minor violations took place, mainly involving the small-scale transfer of ammunition and single-barrel rifles by individuals from Côte d'Ivoire and Guinea into Liberia. A related problem in Liberia is its antiquated and transient approach to firearms control. The general security context in Liberia and the subregion remains relatively stable. However, armed crime remains a cause for concern. Further deliveries of exempted arms, ammunition and equipment by China and the United States of America for the training and use of the Special Security Service took place during the Panel's mandate. The sanctions Committee, however, was not notified upon the delivery of those consignments as required by Security Council resolution 1792 (2007). At the time of compiling the present report, the Government of Liberia had not marked the arms and ammunition in question, as required by Security Council resolution 1683 (2006).

Travel ban

The existence of the Security Council travel ban against certain Liberians and foreign nationals is widely acknowledged and is subject to some criticism among Liberians. Nonetheless, the names on the current list are not so widely known. There are resource, administrative and technical challenges to the enforcement of the travel ban, including out-of-date and missing information (such as valid passport numbers). The Bureau of Immigration and Naturalization is not officially provided with updated versions of the travel ban list. The Panel visited Roberts International Airport to scrutinize passenger ledgers for the period from 1 September 2007 to 5 May 2008 and found no evidence of violations of the travel ban. The sanctions Committee removed five individuals from the travel ban list during the reporting period.

Assets freeze

The 1986 Constitution of Liberia is cited as the reason Liberia has not frozen any assets as required by Security Council resolution 1532 (2004). However, it is the opinion of several high-ranking legislators and legal scholars in Liberia, as well as several technical legal advisers, that Liberian laws do provide for such action in accordance with due process and that the assets freeze measure of resolution 1532 (2004) can be executed in Liberia without new legislation or executive order. The Panel conducted an investigation of various financial records of several parties named on the assets freeze list, proving that there are assets available for freezing. Tracing of the flow of funds has indicated that Gus Kouwenhoven received at least $7 million, but only $51,692 has been frozen to date; that Edwin Snowe received more than $1 million, but no assets have been frozen; and that Joseph Wong Kiia Tai received more than $8.5 million, with no assets frozen. Moneys traced to former

President Taylor, as a sample test only, via diverted tax revenues were approximately $20 million, with no assets frozen. It is the Panel's opinion that techniques are available for Member States to proceed with a more comprehensive implementation of resolution 1532 (2004).

Diamonds

The Government of Liberia has made significant progress with regard to implementation of the Kimberley Process Certification Scheme and its own system of internal controls. There are, however, a number of challenges and causes for concern. Since the lifting of sanctions on rough diamonds, the Government Diamond Office has issued 43 Kimberley Process certificates, and 39 shipments of rough diamonds have been legally exported as at 15 May 2008. The Office is generally functioning well, although staff issue one certificate to an unlicensed exporter. The only two imports of rough diamonds have not proceeded properly through the system of internal controls. The system of Regional Diamond Offices was not operating as effectively as it could. The Ministry of Lands, Mines and Energy, Customs and the Liberian National Police must cooperate more fully to improve the enforcement of Liberian mining law and internal controls.

Timber

The Forestry Development Authority (FDA) continues to make progress in some areas of implementation of the National Forestry Reform Law of 2006, although there are many areas that require improvement and some that are cause for concern. Forty-two logging companies were pre-qualified for bidding on logging concession contracts. Six timber sales contracts were tendered, and FDA has forwarded recommendations for awarding contracts to three companies to the Inter-Ministerial Concessions Committee. Three forest management contracts have been advertised and bids submitted, and evaluation and due diligence of the 13 bids is under way. The chain-of-custody contract is signed. The Government has auctioned abandoned logs and did not initially charge stumpage fees, as required by the National Forestry Reform Law and FDA regulations. FDA will allow the export of some abandoned logs, although they will not be entered into the chain-of-custody system by Société Générale de Surveillance. FDA has also sold over 6,088 m^3 of abandoned logs without an auction. It has taken the position that it is unrealistic to regulate and charge fees on the domestic felling and processing of rubberwood, in contradiction of the National Forestry Reform Law and current regulations.

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I. Introduction

1. By its resolution 1792 (2007), the Security Council decided to renew the measures on arms imposed by paragraph 2 of resolution 1521 (2003) and modified by paragraphs 1 and 2 of resolution 1683 (2006) and paragraph 1 (b) of resolution 1731 (2006) and to renew the travel ban measures imposed under paragraph 4 (a) of resolution 1521 (2003) for a further period of 12 months. The Council also recalled that the assets freeze measures on designated individuals and entities imposed under paragraph 1 of resolution 1532 (2004) remained in force. The Council ended its prohibition on timber imports from Liberia in June 2006 and on diamond imports from Liberia in April 2007.

2. In its resolution 1792 (2007), the Security Council extended the mandate of the Panel of Experts on Liberia appointed pursuant to resolution 1760 (2007) for a further period of six months to investigate and report on the implementation of the relevant sanctions measures. The Council also tasked the Panel with assessing the implementation by the Government of Liberia of the National Forestry Reform Law and its compliance with the Kimberley Process Certification Scheme for diamonds.

3. The Security Council also requested the Secretary-General to reappoint the current members of the Panel of Experts, and on 8 February 2008 he did so (see S/2008/85). However, only Wynet Smith (Canada), a natural resources expert and the Panel Coordinator, was able to continue, so the Secretary-General appointed two new experts: Tom Creal (United States of America), a finance expert, and Guy Lamb (South Africa), an arms and security expert.

4. The present document is the official report of the Panel of Experts, summarizing its observations and conclusions for the period from 18 February to 21 May 2008.

II. Methodology and standards of verification

5. The Panel used established evidentiary standards to substantiate findings: fully authenticated documentary evidence or at least two credible and verifiably independent sources. The Panel also undertook direct observation of activities whenever possible. Further details on methods of investigation and assessment are provided in relevant sections.

6. The Panel began its work in New York the week of 18 February 2008. In order to fulfil its mandate, the Panel undertook missions to Liberia, as well as the European Union, India and the United States of America, from February to May 2008. Within Liberia, the Panel visited 11 of 15 counties in its efforts to ascertain if there had been any violations of the arms embargo; to assess if there had been any violations of the travel ban; to verify compliance with the Kimberley Process; and to assess implementation of the National Forestry Reform Law.

III. Collaboration with stakeholders

7. The Panel consulted widely with the Government of Liberia, meeting with ministers and employees of a number of ministries and agencies. In general, the Panel is pleased to report that relations with the Government remain very

collaborative and transparent. The Panel has obtained access to a wide range of documents required to fulfil its mandate. However, the Panel takes note that it has met with resistance to its inquiries in some quarters.

8. The Panel is grateful for the assistance provided by the United Nations Mission in Liberia (UNMIL).

9. The Panel cooperated with the Group of Experts on Côte d'Ivoire appointed pursuant to resolution 1782 (2007), especially on the issues of trade in diamonds and of arms and security. As requested, the Panel also coordinated with the Kimberley Process (see section VII).

10. The Panel received additional assistance from non-governmental organizations (NGOs), the private sector and various bilateral and multilateral organizations. Annex I provides a complete list of organizations contacted by the Panel in the course of its investigations.

11. The Panel noted in paragraph 4 of it last report (S/2007/689) that, near the conclusion of its previous mandate, it had received a letter from the Government of Liberia regarding the Government's response to a previous report of the Panel of Experts on Liberia. After examination of the letter, the Panel noticed that it was not signed and that it referred to an attachment of detailed comments, which was missing. Through the United Nations Secretariat, the Panel requested assistance from the Permanent Mission of Liberia to the United Nations in determining the authenticity of the document and locating the attachment. On 7 March 2008, the Panel met with the Liberian Minister for Foreign Affairs and determined that the letter and the attachment had been forwarded to UNMIL in September 2007. The Panel was then able to locate the document and obtain a copy. However, the Panel has now referred the letter and the attachment to the United Nations Secretariat in New York, as the Government response addresses the report of a previous Panel (S/2007/340). The current Panel does not have access to previous records, nor the mandate, to provide a reply on the previous Panel's behalf.

IV. Recent developments in Liberia

12. The situation in Liberia continues to be relatively calm. While there are no significant security threats, rule of law remains a problem, as noted by the Secretary-General in his report of 19 March 2008 (S/2008/183). Sporadic incidents of mob violence occur and a number of police stations have been destroyed.

13. The presence of UNMIL remains important as the Government of Liberia struggles to re-establish its authority and control over its territory. Enforcement in connection with natural resources continues to present a challenge for the Government: specifically in respect of unlicensed diamond and gold mining, pit-sawing, rubber tapping, wildlife poaching and forest encroachment. There is also evidence of cross-border movement of timber and many allegations of diamond smuggling.

14. There are ongoing land disputes, which at times have resulted in violence. These include continuing problems at the Liberian Agricultural Company rubber plantation since the murder of the Belgian manager in November 2007. Two people were murdered in Pleebo, Maryland, in early May 2008, allegedly because of a land dispute. There have also been ongoing disputes in various areas of natural resources,

including the American Mining Associates (AMA) concession area in Gbarpolu County and Sapo National Park.

15. The President has announced the creation of a land commission that will address broader issues of land rights and tenure. The Liberian poverty reduction strategy provides a timeline of July 2008 for the creation of the Commission.

16. The Government of Liberia has recently released its poverty reduction strategy, which will cover the period from April 2008 to June 2011. The Government reached the decision point for the Highly Indebted Poor Countries Initiative and has had some of its debt arrears cancelled.

17. The Truth and Reconciliation Commission is currently holding hearings in various counties of Liberia.

18. On 16 May 2008, Edwin Snowe and three other Liberians, including Gyude Bryant, former Chairman of the National Transitional Government of Liberia, appeared before Judge Samuel Geevon-Smith at Criminal Court C in Monrovia. The State has indicted the four individuals for allegedly embezzling close to $1 million from the Liberia Petroleum Refining Company.

19. There are notable developments in Liberia in basic infrastructure since the Panel's last report (S/2007/689). Improvements have been made to Tubman Boulevard in Monrovia. Road upgrades were under way in rural areas that the Panel visited.

V. Arms embargo

20. To conduct its investigation on implementation, and any violations, of the arms embargo, the Panel undertook a broad series of consultations. In Monrovia, the Panel met with various cabinet ministers, senior Government officials, relevant UNMIL personnel, NGO representatives and relevant security personnel attached to the United States Embassy. The Panel visited the Edward Binyah Kesselly barracks and was permitted to inspect some of the arms and ammunition that the United States Embassy had imported under an exemption from the arms embargo for the training of the Armed Forces of Liberia (AFL). The Panel was also permitted by the Special Security Service (SSS) to inspect the existing armoury, the temporary armoury and the new armoury (currently under construction).

21. During visits to the counties, the Panel also met with a broad range of stakeholders, including county officials, officials of various Government ministries and agencies, members of the Liberian National Police (LNP), UNMIL personnel and community organizations. UNMIL civil affairs officers, military observers and the United Nations Police provided the Panel with security-related documents and reports. The Panel also physically inspected a number of official and unofficial border crossings.

A. Recent developments

22. As indicated in the Panel's report of 22 November 2007 (S/2007/689, para. 108), Major General Charles Julu (former Chief of Staff of AFL and former commander of the Special Anti-Terrorist Unit under President Samuel Doe),

George Koukou (former Speaker of the National Transitional Legislative Assembly) and Colonel Andrew Dorbor were arrested and charged with treason for allegedly seeking to destabilize the Liberian Government. The three suspects had allegedly sought to purchase 200 Kalashnikov rifles and 3,000 uniforms in Toulépleu and Guiglo, Côte d'Ivoire, in early 2007. The case was tried in Liberian Circuit Court A. On 29 January 2008, the jury found Julu and Dorbor guilty of treason, but the verdict was subsequently overturned by the presiding judge owing to a lack of evidence, and a retrial was ordered. The retrial commenced in mid-February 2008 and concluded on 2 May 2008 with both Julu and Dorbor being found not guilty. The presiding judge indicated that the State had not provided sufficient evidence of treasonous acts. Koukou received a pardon from President Johnson-Sirleaf in February 2008.

23. On 6 March 2008, the Thailand police service arrested Viktor Bout in Bangkok on charges of seeking to purchase arms and ammunition for the Revolutionary Armed Forces of Colombia, which is in contravention of Thai law. Bout has allegedly violated the Security Council arms embargo on Liberia in the past, and is also on the travel ban and assets freeze lists. On 6 May 2008, the United States Government announced the unsealing of an indictment against Bout on four charges: conspiracy to kill United States nationals; conspiracy to kill United States officers or employees; conspiracy to acquire and use an anti-aircraft missile; and conspiracy to provide material support or resources to a designated foreign terrorist organization. The United States of America is currently seeking his extradition from Thailand to its own soil.

B. Violations of the arms embargo

24. There were no significant incidents relating to the violation of the Security Council embargo against exports of arms to Liberia. However, a series of small-scale violations of the arms embargo took place during the Panel's mandate, most of which involved residents of Côte d'Ivoire and Guinea transporting ammunition and single-barrel rifles across the border into Liberia either for personal use (hunting) or commercial gain. The reason for this is that the "total ban on firearms" (Executive Order No. 6) has led to a scarcity of single-barrel rifles and related ammunition in Liberia.

25. During the Panel's visit to Ganta, Nimba County, in March 2008, United Nations police reported that 12,000 single-barrel rifle cartridges and 3 single-barrel rifles, which had originated in Guinea, were seized by the Liberian authorities in Ganta between 1 October 2007 and 3 March 2008. On 9 March 2008, an Ivorian citizen was arrested in Ganta with 25 boxes of single-barrel (12 gauge) ammunition. Each box contained 25 rounds.

26. During a Panel visit to Lofa County in May 2008, the County Superintendent, the LNP Commander, the United Nations police team leader and the UNMIL military observers in Voinjama indicated that during the first quarter of 2008 small numbers of single-barrel rifles and single-barrel ammunition had been transported into Liberia from Guinea either for commercial gain or for criminal purposes.

27. On 27 January 2008, as recorded in an UNMIL Security Information Coordination Unit report, the Toe Town (Grand Gedeh County) District Commissioner reported that three Liberian hunters had allegedly encountered on

Liberian soil an Ivorian hunter who was in possession of a single-barrel rifle. The Liberian hunters stole the firearm from the Ivorian and then allegedly sought to sell it within Liberia. The firearm was subsequently surrendered to LNP.

28. On 14 May 2008, an UNMIL Security Information Coordination Unit report indicated that two soldiers from Côte d'Ivoire bearing firearms attempted to cross the border to apprehend a motorcyclist at a border crossing between Grand Gedeh County and Côte d'Ivoire. Liberian border control officials prevented the Ivorian soldiers from entering Liberian territory.

C. Exemptions from the arms embargo

29. The Committee established pursuant to resolution 1521 (2003) previously permitted China, Nigeria, the United Kingdom of Great Britain and Northern Ireland, the United States of America, and UNMIL, under specific conditions, to provide arms, ammunition and equipment for the training or use of trained and vetted officials of AFL, LNP and SSS. In paragraph 3 of resolution 1683 (2006), the Security Council specified that the Government of Liberia should mark such arms and ammunition, maintain a registry of them and formally notify the Committee that these steps have been taken. However, the manner in which the arms and ammunition should be marked was not specified.

30. Paragraph 1 (b) of resolution 1792 (2007) requires Member States to notify the Committee, upon delivery, of all approved exceptions to the arms embargo. Members of SSS and LNP have to certify that all LNP and SSS officers who are required to use firearms have passed the relevant weapons training and have been vetted by UNMIL.

31. On 23 January 2008, the Committee approved an application from the United States and Liberian Governments for an exemption from the arms embargo for arms, ammunition and equipment to train the newly established Emergency Response Unit of LNP. DynCorp International will provide the training. The arms, ammunition and equipment will be dispatched in 2008 following the approval of the export licence by the United States Government. Annex II provides details of the arms, ammunition and equipment that have been approved by the sanctions Committee for this particular exemption from the arms embargo.

Delivery of exempted arms, ammunition and equipment

32. Deliveries under exemptions from the arms embargo granted to Nigeria, the United Kingdom of Great Britain and Northern Ireland and UNMIL were completed prior to the current Panel's mandate (see S/2007/689, table 2, for details).

33. The delivery of Chinese arms, ammunition and policing equipment to SSS was completed in early 2008. Neither the sanctions Committee nor UNMIL was notified upon the delivery of this consignment (as required under Security Council resolution 1792 (2007)). However, on 12 March 2008, the UNMIL Firearm Inspection Team was permitted to inspect the container that held the arms, ammunition and policing equipment. Dionysius Sebwe, the Liberian Deputy Minister of Defence, Victor Herb, SSS Director, and UNMIL military personnel were also present during the inspection.

34. The container had been delivered from the Freeport of Monrovia to the parking lot of the Executive Mansion on 11 March 2008, and members of the UNMIL Nigerian contingent were requested to provide protection for the container. At the time, they were allegedly informed that it contained furniture for President Johnson-Sirleaf's guesthouse. When the container was opened, the arms, ammunition and policing equipment from China were discovered. According to the bill of lading (PCR/0001, COSCO Shipping Co.), the notification party was the Liberian Ministry of Defence, with the consignment being described as "spare parts and chemical products" (see annex III). A detailed list covering the entire consignment was attached to the bill of lading. Details of the shipment are outlined in table 1.

35. UNMIL subsequently advised the Liberian authorities that, in future, they should provide information on the intended arrival dates, points of entry and modes of transport of all exempted consignments. On 5 May 2008, the Special Representative of the Secretary-General and coordinator of United Nations operations in Liberia, Ellen Margrethe Løj, sent a letter to the Chairman of the sanctions Committee informing him of the developments surrounding the Chinese consignment.

Table 1
Shipments from China to the Special Security Service

Description	*Number of units/rounds*	*United Nations-authorized totals*
9 mm pistol (type 1992) ammunition	100 000	100 000
7.62 mm (type 1956) ammunition	200 000	200 000
9 mm pistol (type 1992)	100	100
7.62 mm sub-machine gun (type 1956-2)	50	50
Tear sprayer (handheld portable)	50	50
SKG-01 type handcuffs	100	100
JG-986 type electric batons	50	50
FDY2-R type flak jacket	100	100

36. As at 20 May 2008, the Chinese arms and ammunition had not been marked, which is in non-compliance with paragraph 3 of resolution 1683 (2006). According to members of the UNMIL Firearm Inspection Team, the arms and ammunition were unmarked because the marking equipment that had been provided to the Government of Liberia by UNMIL had been misplaced. The 300,000 rounds of ammunition are currently being stored at an UNMIL facility until the arms in question have been appropriately marked and the new armoury being constructed for SSS has been completed.

37. Three deliveries of United States arms, ammunition and equipment to train and equip SSS took place, on 8 January 2008, 20 February 2008 and 31 March 2008. Table 2 provides details. The sanctions Committee was not duly informed upon delivery, as it should have been pursuant to Security Council resolution 1792 (2007). UNMIL was not officially informed of the delivery date, port of entry or mode of transportation prior to delivery.

38. On 15 May 2008, the Panel met with representatives of Kaseman, the contractor to the United States Government that is responsible for facilitating the delivery of arms, ammunition and equipment to SSS and that provides technical assistance to SSS. The Kaseman representatives indicated that the Government of Liberia had not marked the firearms and ammunition because of the lack of marking equipment. The Kaseman representatives also indicated that some unmarked firearms from the 2008 consignments had been used by SSS both in a recent operation in Buchanan and to guard the SSS armoury.

Table 2
United States consignments to the Special Security Service through the United States Embassy in Monrovia

Description	*Consignments*			*Special Security Service totals*	*United Nations-authorized totals*
	8 January 2008	*20 February 2008*	*31 March 2008*		
Glock 17 pistol		24	72	96	96
M-4 rifle		12	28	40	40
Remington 12 gauge 870 P shotgun				0	12
Smith and Wesson .38 cal Mod. 50 revolver		5		5	5
9 mm ball ammunition		40 000	60 000	100 000	100 000
5.56 gr tip (ammunition)		30 000	60 000	90 000	100 000
12 shotgun buckshot (ammunition)				0	2 000
.38 cal wadcutter and service (ammunition)		5 000		5 000	5 000
5.56, 30 round magazines		90	42	132	160
9 mm Glock 17 high capacity (magazines)		72		72	288
Ballistic vest (level IIIA)	90			90	90
Ballistic plates (level IV)		48	132	180	180
Ballistic blankets (level 3A)	2			2	2
Night vision (Generation II)	3			3	3

39. The Panel met with Victor E. Helb, Sr., Director of SSS, and a number of his senior staff, as well as Philip E. Jornlin, a Kaseman representative, on 17 May 2008. Mr. Helb informed the Panel that one of his senior staff members was currently in the process of securing marking equipment in the United States of America. During that meeting, Mr. Jornlin informed the Panel that if SSS was not able to acquire it, the United States Embassy would source and transport marking equipment to SSS. Mr. Helb also indicated that SSS was seeking a reduction of some of the operational restrictions (such as the requirement to sign weapons in and out) that had been placed on the use of SSS weapons by Security Council resolution 1683 (2006).

40. However, the Chief of the UNMIL Joint Mission Analysis Centre and the UNMIL Deputy Police Commissioner informed the Panel that they had some concerns regarding this issue because of three recent incidents. On 23 March 2008, two members of SSS were arrested by LNP for smuggling 712 kilograms of marijuana. On 27 March 2008, an SSS officer who was part of the security detail for President Johnson-Sirleaf's motorcade assaulted a United Nations police officer and vandalized his vehicle. On 5 May 2008, an SSS officer allegedly threatened to shoot an UNMIL peacekeeper.

41. The exemption from the arms embargo that the United States Government secured for training and equipping AFL remains partially in effect. Table 3 provides details of the arms and ammunition that the United States Embassy in Monrovia is expecting to take delivery of later in 2008 (sourced from Romania), which is part of a previous exemption from the arms embargo. Currently, the United States Embassy is awaiting confirmation from the Economic Community of West African States (ECOWAS) Commission that a waiver of the ECOWAS Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials has also been granted for that consignment.

Table 3
Status of exemptions granted to the United States of America for training of the Armed Forces of Liberia

Description	*Delivered to Liberia (as at 13 May 2008)*	*To be delivered to Liberia*	*Total*
AK-47	1 107	500	1 657
7.62 mm pistol md. 1933 TT	0	250	250
RPK 7.62 mm	8	92	100
RPG-7	100	50	150
7.62 x 39 mm ball	1 063 020	438 060	1 501 080
7.62 x 39 mm tracer	77 220	73 260	150 480
7.62 x 25 mm for pistol md. 1933 TT	0	51 408	51 408
Heat PG-7V rounds for RPG-7	0	2 121	2 121

Arms and ammunition inspections

42. Security Council resolution 1683 (2006) requires UNMIL to carry out periodic inspections of the arms, ammunition and equipment transferred to Liberian security forces and, together with the Panel, to monitor the implementation of the arms embargo. According to the UNMIL Deputy Police Commissioner, these inspections can take place without prior notification by UNMIL.

43. Between 31 March and 4 April 2008, the UNMIL Firearm Inspection Team conducted an inspection of the arms and ammunition that had been provided to LNP and SSS under exemptions to the arms embargo (with the exception of the arms and ammunition detailed in table 2). The Inspection Team compiled a detailed inspection report on 13 April 2008 for the UNMIL Police Commissioner. Some concerns were expressed, namely, that two SSS Operational Directors and four LNP officers who had not been appropriately vetted had been issued firearms, contrary to the requirements of resolution 1683 (2006). In addition, six firearms issued on 26 October 2007 to LNP personnel who were assigned to the Ministry of Justice were not returned to the armoury at the end of their shift in accordance with the approved procedure. Instead, the firearms and ammunition were left in the custody of the Special Security Adviser to the Minister of Justice, who issued the firearms and ammunition to the next LNP security detail.

44. On 5 April 2008, the Panel visited the Edward Binyah Kesselly barracks of the AFL 23rd Infantry Brigade. During its visit the Panel was permitted to inspect some of the arms and ammunition that the United States Embassy had imported under an

exemption from the arms embargo. The arms and ammunition are kept in secure facilities (in a robust building with reinforced doors), are surrounded by a high fence and are under 24-hour armed guard and video surveillance. Pacific Architects and Engineers (PAE), the contractor responsible for maintaining those arms and ammunition, undertakes regular weapons and ammunition inspections, and armoury personnel are required to adhere to detailed standard operating procedures.

45. On 17 May 2008, the Panel was also permitted by SSS to inspect the existing armoury, the temporary armoury and the new armoury (currently under construction). All three facilities are located in the Executive Mansion compound. The existing armoury is too small to accommodate the newly acquired arms, ammunition and equipment; however, the firearms acquired from China are currently being stored there. The United States arms, ammunition and equipment are currently being stored in the temporary armoury, which has a reinforced door and bars over the windows. This facility is guarded on a 24-hour basis by SSS personnel. The Panel confirmed that the new armoury is close to completion (awaiting the installation of electricity and furnishings) and that the security features are more than adequate (reinforced metal doors and an internal cage).

46. In its report of 22 November 2007 (S/2007/689, para. 164) the Panel recommended that "during its next inspection of weapons and ammunition at the LNP and SSS armouries, the Firearm Inspection Team also carry out a comprehensive inventory of all other military equipment provided under the exceptions, including riot control material". Hence, the Panel notes with concern that UNMIL has not been invited by the United States Embassy (or its contracting agencies) to inspect the arms, ammunition and related equipment that are in the custody of the United States Embassy in various locations in Liberia. In addition, the United States Embassy does not formally communicate its inspection reports to UNMIL. This state of affairs hinders the ability of UNMIL to effectively honour its inspection obligation under Security Council resolution 1683 (2006).

47. In order to ensure integrity of the arms embargo regime, it is crucial that UNMIL firearm inspection reports do not contain any errors. Its firearm inspection report of 13 April 2008 indicated that only 100,000 rounds (out of 300,000) of ammunition from the Chinese consignment to SSS (see table 1) had been stored in an UNMIL armoury. However, Colonel Bob Kett, Chief of the Joint Mission Analysis Centre, had informed the Panel that the entire ammunition consignment had been moved to an UNMIL armoury. The Panel approached the UNMIL Firearm Inspection Team on this matter, at which point the Team admitted that the absence of this information in the inspection report was an oversight on its part, and confirmed that the entire ammunition consignment was currently in UNMIL custody. The Panel has been provided with supporting documentation that indicates that the 300,000 rounds are being stored by UNMIL. The firearm inspection report also makes reference to "Colt M-14" and "Glock M-17" firearms that are in the possession of SSS. However, the technically correct terms to use are "Colt M-4" and "Glock 17". In addition, the 12 M-4 type firearms in the possession of SSS are in fact a combination of Colts and Bushmasters. This distinction, as well as appropriate terminology, should be employed in future inspection reports.

D. Challenges to Liberian enforcement of the arms embargo

48. While the responsibility to implement the arms embargo rests primarily with Member States, enforcement of the arms embargo in Liberia is dependent on four factors: the Liberian Government's ability to monitor and police its land and sea borders, as well as its airspace; the effectiveness of arms control processes and structures within Liberia; the degree of insecurity (or the perception thereof) within and/or between the various communities of Liberia; and the security environment and the effectiveness of arms control processes and structures in the bordering countries of Côte d'Ivoire, Guinea and Sierra Leone.

Monitoring and policing of borders

49. The ability of the Liberian authorities to monitor and police the country's borders is severely limited, which is acknowledged in the National Security Strategy (2008). During the Panel's visits to the border regions in Lofa, Nimba and Grand Gedeh Counties, officials of the Bureau of Immigration and Naturalization (BIN) and LNP indicated that they did not have sufficient transportation (motorbikes, other vehicles), communications (mobile phones, access to mobile phone networks, radios), personnel or administrative resources (office equipment, office space) to effectively perform their duties. This assessment is reinforced by recent UNMIL military observer reports that indicate that the effectiveness of immigration and customs officials is undermined by logistical and administrative constraints. Liberia does not have a navy or coast guard, and consequently does not patrol or monitor its 579 kilometres of coastline.

50. BIN and LNP officials openly admitted that there are numerous illegal border crossings or "bypasses". Reports compiled by UNMIL military observers have identified a number of illegal border crossing points, some of which are detailed in table 4.

Table 4
Land-based border crossing points into Liberia

County	*Legal crossing points*	*Illegal crossing points*
Lofa (Liberia/Sierra Leone border)	4	7
Nimba (Liberia/Côte d'Ivoire border)	2	19
Grand Gedeh (Liberia/Côte d'Ivoire border)	4	6
Maryland (Liberia/Côte d'Ivoire border)	11[a]	1
River Gee (Liberia/Côte d'Ivoire border)	2	8

[a] Only 3 of the 11 official border crossings have a BIN building.

51. In most cases, BIN officials do not have sufficient resources to staff and monitor all official border-crossing points. For example, in Lofa County in the border area between Liberia and Sierra Leone, BIN has functioning offices at only two of the four official border crossings (Mendekoma and Solomba Port). In Zwedru, the Grand Gedeh County Superintendent informed the Panel that BIN and LNP officials are unable to monitor all official border crossings in the county. At the Ganta border crossing in Nimba County, immigration and police officials reported to the Panel that individuals frequently cross the border illegally by canoe, in close proximity to the official border post.

Arms and ammunition management and control in Liberia

52. Currently, the only legally binding firearms control legislation in Liberia is the 1956 Firearms Traffic Act, which makes provisions regarding the manufacture, trade, possession, transfer and disposal of firearms in Liberia, including provisions on registration and private ownership. However, registration was neglected during the years of armed conflicts in Liberia. Consequently, as stated in the Panel's report of 22 November 2007 (S/2007/689, para. 107), Executive Order No. 6 was introduced on 27 December 2006, providing for a "total ban on firearms" in Liberia. All private firearm owners were required to deposit their firearms at the LNP headquarters in the county in which they resided within 60 days of the executive order being issued. LNP was required to provide the owners with receipts for the deposited firearms. The executive order was valid for a period of 12 months. However, the ban was not uniformly enforced across all counties, and insignificant numbers of firearms and ammunition were deposited with LNP. In addition, according to the United Nations police, LNP stations in most counties do not have adequate firearm storage facilities.

53. The Liberian authorities, with the support of the United Nations Development Programme (UNDP) and the Liberian Action Network on Small Arms (a civil society grouping), envisaged that new firearms-control legislation would be enacted in 2007 prior to the expiry of the executive order on 26 December 2007. However, owing to technical and administrative challenges, the legislation had not been signed into law by the end of 2007, and by 20 May 2008 amended firearms-control legislation was still outstanding. According to Conmany Wesseh, Deputy Minister for Foreign Affairs (for International Cooperation and Economic Integration), the amendments have taken longer than originally envisaged, as the Liberian Government is seeking to harmonize its firearms-control legislation with that of the other States of the Mano River Union, as well as bring it into line with the ECOWAS Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials. The Ministry of Justice has been tasked with resolving the firearms legislation issue.

54. The Panel had a series of discussions with various United Nations police and LNP officials concerning the current practice of firearms control in Liberia. Those conversations revealed that even though the 1956 Firearms Traffic Act officially governs the approach of the Government of Liberia to firearms control, the firearms ban is currently being maintained informally since there are no measures in place for the registration of civilian-held firearms. This approach has resulted in a considerable degree of confusion and inconsistency throughout the various counties with respect to the control of civilian firearms and ammunition. The situation is exacerbated by the lack of availability of the text of the 1956 Firearms Traffic Act at the county level and a lack of direction from the Ministry of Justice on this issue. In addition, firearms safety among civilians is not being effectively policed. According to LNP and United Nations police personnel in Grand Gedeh, Lofa and Nimba Counties, the executive order appeared to have led many Liberians to conceal their personal weapons. This has possibly resulted in an increase in the use of unsafe or unserviceable firearms and ammunition by hunters, and hence a number of accidental shootings. For example, between 1 February and 30 April 2007 there were four reports of shooting incidents, while for the corresponding period in 2008, 15 incidents were reported.

55. Arms and ammunition caches, as well as unexploded ordnance continue to be uncovered on a regular basis. Two examples are as follows. On 31 January 2008, an UNMIL patrol based in Tubmanburg, Bomi County, discovered an arms cache near Blue Lake, buried in the ground and covered with a concrete slab. The cache consisted of two cargo trucks containing assorted arms and ammunition that were largely unserviceable owing to their rusted condition. On 18 March 2008, a member of the public informed LNP that he had witnessed two individuals removing ammunition from the river at Murphy Bridge on the Babangida Highway near Sinje (Grand Cape Mount County). Divers recovered 55,099 rounds of ammunition of various calibres from the river.

56. UNDP and UNMIL, in cooperation with LNP and community groups, have implemented arms and ammunition collection programmes in most counties. The UNDP "Arms for development" project is being implemented at the chiefdom level in seven counties. It seeks to encourage the voluntary surrender of arms and ammunition in exchange for the implementation of community development projects, such as the establishment of clinics, administrative buildings and marketplace facilities. UNMIL is responsible for the destruction of surrendered or recovered arms, ammunition and unexploded ordnance, which is destroyed at the sector level by designated UNMIL explosive ordnance disposal teams. UNMIL collected and disposed of a total of 162,885 rounds of ammunition (various calibres), 2,465 pieces of unexploded ordnance, 31,224 small arms and light weapons and 12,202 miscellaneous parts for small arms and light weapons during the period from June 2005 (the beginning of the disarmament process) to 4 May 2008. Recovered small arms and light weapons are transported to the Star Base facility in Monrovia every six months for destruction.

Security and insecurity in Liberia

57. The general security environment in Liberia remains relatively calm and stable. However, levels of human development and human security remain low. Unemployment is high (formal employment is estimated to be at 15 per cent), with the Government of Liberia, UNMIL, United Nations agencies and NGOs being the main employers. There is a scarcity of sustainable livelihood opportunities in all counties, as well as a lack of basic amenities, such as electricity, safe drinking water, schools, medical facilities, sewage and sanitation. Many unresolved land disputes exist, and have resulted in incidents of intercommunity violence. UNMIL military observers have reported that the delivery of local government services and policing is improving throughout Liberia; however, local government is constrained by the inadequacy of infrastructure and resources, such as transport, communications, training and correction facilities. Rates of LNP absenteeism, particularly outside the greater Monrovia area, remain high; this is related to delays in the payment of salaries.

58. There was progress in the security sector reform process in Liberia during the first quarter of 2008. By 13 May 2008, approximately 1,734 members of AFL (out of a total of 2,000) had been vetted and trained by the United States military and associated private contractors (DynCorp International and PAE). However, the establishment of a post-war officer corps remains a challenge. LNP, with the support of the United States Embassy, is in the process of establishing an emergency response unit, which will comprise approximately 500 personnel. The Liberian Legislature has endorsed a new national security strategy, which had been

developed by the Government of Liberia with the support of UNMIL. The aim of the national security strategy is to develop "a coordinated, accountable, and democratic security architecture", which will guide the rationalization of the plethora of official security agencies. Christopher Rampe, Security Sector Reform Adviser to the Special Representative of the Secretary-General, suggests that an implementation plan for the strategy will be finalized in the coming months.

59. A lack of popular commitment and adherence to the rule of law is prevalent in Liberia, and is a potential cause of insecurity. Between 1 January and 30 April 2008, there were more than 20 incidents of vigilante action and/or mob violence, often directed against LNP. LNP stations in Nimba, Grand Bassa, River Cess and Lofa Counties were set on fire and/or LNP officers were stoned during this period. On 19 April 2008, during the court appearance of a prominent alleged criminal in New Kru Town, Bushrod Island, Monrovia, a group of 500 people gathered in front of the magistrate's court and demanded that the alleged criminal be handed over to them. LNP refused, and as a result the group stoned the police, the magistrate's building and UNMIL peacekeepers. The group then stormed the magistrate's building, vandalizing it and burning documents in the process.

60. Armed crime in Liberia remains a cause for concern. On the basis of data from the UNMIL Security Information Coordination Unit, 441 incidents of armed robbery were reported in Monrovia (the area where the vast majority of armed crime takes place) during 2007. Thirty-two percent (142 incidents) of those reported robberies were allegedly committed with a firearm. The majority of the remaining incidents involved the use of cutlasses or other sharp implements. The number of reported incidents of armed robbery during the first part of 2008 was more than twice that of the corresponding period in 2007. From 1 January to 30 April 2008 163 incidents of armed robbery were reported in Monrovia, 20 of them allegedly involving the use of a firearm. Between 1 January and 30 April 2007, 79 armed robberies were reported, 21 of which involved the use of a firearm.

61. The Panel found no evidence of the existence of politically motivated armed groups or evidence of recruitment efforts in Liberia. In Bomi, Bong, Gbarpolu, Grand Bassa, Margibi, Maryland, River Cess and Sinoe Counties, ex-combatants have organized themselves into income-generating groups that engage in, among other activities, farming, transport (motorcycle taxis), pit-sawing, scrap-metal trading and rubber tapping. In some cases, former-combatant command structures exist, as with the Sinoe Rubber Plantation in Sinoe County. The Panel visited the plantation in April 2008 and confirmed that it is controlled by the Citizens' Welfare Committee (CWC), a group primarily made up of ex-combatants engaged in illegal rubber tapping. The Reintegration, Rehabilitation and Recovery Section of UNMIL informed the Panel that former-combatant command structures linked to specific organized economic activity also exist in areas of Margibi, Maryland, Bomi and River Cess Counties.

62. Certain rubber plantations remain sites of tension, conflict and violence, and consequently potential markets for firearms and ammunition. For example, officials of the Government of Liberia have been unable to resolve a conflict over the ownership of the Sinoe Rubber Plantation or to officially regulate rubber tapping there, despite various efforts. Allegations of acts of corruption by CWC towards the Sinoe County Superintendent and his associates with regard to the collection of revenue from rubber tapping, and alleged CWC conflict with communities that

surround the plantation, contribute to insecurity in the area. On the Dennis Rubber Plantation, in Bong County, a land dispute between the inhabitants of the plantation and the town of Dankpansue became violent on 4 April 2008 when a group from the plantation fired shotgun rounds into the town and burned a number of dwellings. There has been ongoing tension and violence at the LAC Plantation, in Grand Bassa County, following the murder of the LAC General Manager in November 2007. Much of the conflict revolves around the remuneration and benefits accorded to plantation workers. There has been intermittent tension at the Guthrie Rubber Plantation, in Bomi County, concerning the management structure of the plantation, which has recently been resolved.

Security and arms control in neighbouring States

63. There has been no widespread violence in Côte d'Ivoire since the signing of the peace agreement between the Government and rebel forces in 2006. However, the security situation is unstable due to the existence of many underlying factors that could contribute to violence, such as high poverty levels and unemployment. The reunification process and national elections have also been delayed. In western Côte d'Ivoire, there have been recent incidents of intercommunity clashes over access to land. In addition, in late March 2008, Ivorian soldiers rioted in the towns of Duékoué and Guiglo, which are near the south-eastern border of Liberia. The Group of Experts on Côte d'Ivoire, following a visit to western Côte d'Ivoire in May 2008, informed the Panel of the existence of local militias in this region, although those militias are not at present engaged in any military activities.

64. The security environment in Guinea remains tense, even though more than a year has passed since countrywide violent protests took place. The reason for this, according to a wide variety of media sources, is that the Government has not implemented the political reforms that the Lansana Conté Administration pledged in 2007, and the exact date for the national elections is unclear. In addition, the recent dramatic increase in the cost of food globally has exacerbated conditions of dire poverty.

65. Sierra Leone has become a relatively stable country. However, poverty and a lack of human development have the potential to undermine sustainable peace and justice. There have also been some occasions of violence in rural areas. For example, in December 2007, there were violent protests in a diamond-mining area of the Kono district (eastern Sierra Leone). Residents reportedly protested against the mining operations in the area, claiming that the operations had a negative environmental impact and that the mining company had not duly compensated the affected communities.

66. National arms control processes in Côte d'Ivoire, Guinea and Sierra Leone exist, but have not been effectively implemented because State authorities lack the necessary resources and expertise to enforce them, or are antiquated. Disarmament processes in Côte d'Ivoire and Sierra Leone have, however, led to a significant reduction in the availability of firearms and ammunition in the subregion. Nonetheless, firearms and ammunition are relatively easy to acquire in both Côte d'Ivoire and Guinea, and rudimentary firearms are manufactured in Guinea.

67. Should violence erupt in any of the bordering countries, the security of Liberia could be negatively affected by refugee flows. In addition, armed factions could seek to recruit Liberians to their causes.

68. Relevant officials of the Government of Liberia are supportive of maintaining the arms embargo for the foreseeable future, with a number of officials seeing it as an integral component of the country's arms-control system. Given the transitional state of Liberian firearms-control legislation and the uncertainty surrounding the outcome of the trial of former President Charles Taylor, retaining the arms embargo is a prudent approach.

VI. Travel ban

69. To investigate the implementation and any violations of the travel ban, the Panel held various discussions with senior officials in the Ministries of Justice and Foreign Affairs, as well as relevant UNMIL personnel, on the enforcement of the travel ban in Liberia. The Panel also interviewed county superintendents, BIN officials and LNP personnel in the border areas of Lofa, Nimba and Grand Gedeh Counties on the manner in which the travel ban is being implemented in Liberia. It also inspected ledgers of all passengers departing and entering Liberia through Roberts International Airport for the period from 1 September 2007 to 5 May 2008.

A. Recent developments

70. Gus Kouwenhoven's name appears on the travel and assets freeze lists. He was convicted on 7 June 2006 in the District Court in The Hague of complicity in the illegal supply of arms to the Charles Taylor regime between 2001 and 2003, and participation in war crimes committed by Liberian troops and/or militias between 2000 and 2002 in Guinea and Liberia. Mr. Kouwenhoven subsequently lodged an appeal of his conviction. On 10 March 2008, he was acquitted of all charges in the Court of Appeal in The Hague. According to the judgement, the primary reasons for the acquittal were the lack of reliability and consistency of witness statements and the problematic manner in which the investigation was pursued.

71. On 27 March 2008, the Security Council sanctions Committee on Liberia removed Gerald Cooper's name from the travel ban list following the receipt and consideration of a written petition from him. On 21 May 2008, the sanctions Committee removed four additional names from the travel ban list: Wesseh Dennis, Gabriel Doe, Khalid Eldine and Zarr Koffi.

72. During its mandate, the Panel received written correspondence from Kai Farley requesting that his name be removed from the travel ban list. The Panel sent Mr. Farley a written acknowledgement of receipt of his letter, informing him about the de-listing process and suggesting he contact the focal point in New York directly.

73. On 22 April 2008, Ban Ki-moon, Secretary-General of the United Nations, addressed a joint session of the National Legislature in Monrovia. During the event, Alex Tyler, Speaker of the House, who was presiding over the joint session, called for a revision of the travel ban list.

B. Implementation and enforcement of the travel ban in Liberia

74. The existence of the Security Council travel ban against certain Liberians and foreign nationals is widely acknowledged and is subject to some criticism.

Nonetheless, the names on the current list are not so widely known. BIN and LNP officials interviewed by Panel members at many official points of entry indicated that, where appropriate, they sought to enforce the travel ban. However, many Government officials did not seem to understand that the role of Liberia in implementing the ban is only to prevent the entry into Liberia of foreign nationals on the list and not to prevent the departure of Liberian citizens. Neither are updated copies of the travel ban list regularly distributed to all points of entry. In addition, the porous nature of the country's land and sea borders presents a serious challenge to the implementation and enforcement of the travel ban in Liberia.

75. There are also administrative and technical challenges to the enforcement of the travel ban. The travel ban list provided by the sanctions Committee on Liberia is incomplete, as important information is missing. For example, passport numbers are provided for only 16 of the 56 individuals on the list, many of which are no longer valid, and dates of birth are given for only half of the names on the list. No photographs of those listed are provided. This state of affairs makes it difficult for the Liberian authorities, and Government authorities in other countries, to enforce the Liberia travel ban.

76. This state of affairs has resulted in some degree of confusion with regard to the exact list of individuals constituting the travel ban list, and some BIN and LNP officials were under the impression that they are required to prevent individuals on the travel ban list from leaving Liberia. For example, during the Panel's visit to Zwedru in March 2008, a principal government official in Grand Gedeh County alleged that an individual on the travel ban list had crossed into Côte d'Ivoire through an unmanned crossing point from Grand Gedeh County, and then travelled to the United States of America in 2007. The Panel investigated this allegation and discovered that the individual in question was Samuel Wlue, former Minister of Commerce and Industry under the National Transitional Government of Liberia. Mr. Wlue was on trial for corruption and mismanagement of Government funds during his tenure as a cabinet minister, and was out on bail at the time. To date, his name has not appeared on the United Nations travel ban list. A discussion between the Panel and a senior BIN official revealed that the official in question was under the impression that the names on the travel ban list were the same names that appear on the assets freeze list.

C. Assessing immigration controls at Roberts International Airport

77. In early May 2008, the Panel visited Roberts International Airport to scrutinize passenger ledgers maintained by BIN to ascertain if any individuals on the travel ban list had entered or departed Liberia in the recent past. The Panel examined the ledgers of all passengers departing and entering Liberia through the airport for the period from 1 September 2007 to 5 May 2008. BIN officials were highly cooperative and provided the documentation that the Panel requested without any objections.

Capturing of passenger entry and exit data and security of information

78. As with all points of entry, immigration and passport control at Roberts International Airport is entirely manual. BIN maintains two types of handwritten ledgers of passengers arriving at and departing from the airport: one for Liberian citizens and one for foreign nationals. The full name, passport number, date of birth

and Liberian address of all passengers are captured in the ledgers. In the case of foreign nationals, the number of days they spent in Liberia is also recorded. Copies of the ledgers are kept at the BIN head office in Monrovia.

79. The ledgers appear not to be subjected to a rigorous quality-control process: some of the entries were illegible, while others had been crossed out or covered up with correction fluid. The Panel found no signatures of supervising staff next to the corrections and alterations to entries in the ledgers. In addition, some of the ledgers are in a state of disrepair (see annex IV).

80. Discussions between the Panel and Colonel Archie P. Williams, BIN Acting Deputy Commissioner for Administration, in April 2008 revealed that the Government of Liberia was in discussions with the International Office for Migration regarding the establishment of an electronic immigration monitoring system. No information on the way forward to the implementation of such a system was provided.

Violations of the travel ban

81. During its investigation at Roberts International Airport, the Panel found no evidence of violations of the travel ban list. The Panel's investigation confirmed that Jewel Howard-Taylor, whose name appears on the travel ban list but who had received a waiver from the sanctions Committee to travel to South Africa, did depart from and return to Liberia within the period allowed by the waiver (7 October to 14 November 2007) (see annex IV).

VII. Assets freeze

82. According to article 2 (f) of the United Nations Convention against Corruption, the term "freezing or seizure" means temporarily prohibiting the transfer, conversion, disposition or movement of property or temporarily assuming custody or control of property on the basis of an order issued by a court or other competent authority. During the current mandate, the Panel attempted to make a broad assessment of the implementation of the assets freeze measure of Security Council resolution 1532 (2004).

83. The Panel's methodology focused on conducting a multi-country assessment of the assets frozen for the parties named on the Security Council assets freeze list. In addition, the Panel conducted an initial flow-of-funds tracing exercise in order to determine the extent to which the assets of those individuals whose names appear on the list have been frozen both inside and outside Liberia. The Panel collected and analysed data from documents and records that were held by the Special Court for Sierra Leone, commercial banks in Liberia, Government ministries and other sources. During its investigation, the Panel consulted with a broad range of stakeholders and technical experts both in Liberia and abroad, and also examined relevant case law.

Update on the frozen assets of individuals on the assets freeze list

84. The Panel submitted written requests to 25 States and territories requesting an update of frozen assets of persons on the list established pursuant to Security Council resolution 1532 (2004). Letters were sent to the Bahamas, Belgium,

Burkina Faso, China, Cook Islands, Côte d'Ivoire, Cyprus, France, Germany, Ghana, Indonesia, the Isle of Man, Italy, Lebanon, Liberia, Liechtenstein, Nigeria, Panama, Singapore, South Africa, Saint Kitts and Nevis, Switzerland, the United Arab Emirates, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Panel received responses from seven of those States and territories. The aggregate worldwide assets frozen as at 15 May 2008 amounted to just over $8.37 million (see table 5). This amount is far short of the several hundred million dollars noted by some investigative reporters and the Prosecutor of the Sierra Leone Special Court.

Table 5
Assets frozen by responding States and territories as at 15 May 2008

	Last name	*First name*	*Assets frozen (United States dollars)*
1	Allen	Cyril	—
2	Bout	Viktor	3 884 283.00
3	Bright	Charles	—
4	Chichakli	Richard Ammar	128 000.00
5	Cisse	M. Moussa	26 668.00
6	Cooper	Randolph	—
7	Dunbar	Jenkins	—
8	George	Martin	4 250.74
9	Gibson	Myrtle	—
10	Goodridge	Reginald B.	—
11	Jobe	Baba	—
12	Kiia Tai	Joseph Wong	—
13	Kleilat	Ali	—
14	Kouwenhoven	Gus	51 692.00
15	Minin	Leonid	141 751.00
16	Naydo	Valerly	2 295.00
17	Ruprah	Sanjivan	—
18	Salame	Mohammed	5 358 229.00
19	Shaw	Emmanuel	—
20	Snowe	Edwin	(141 768.00)
21	Taylor	Agnes Reeves	44 144.00
22	Taylor	Charles, Jr.	—
23	Taylor	Charles Ghankay	—
24	Taylor	Jewel Howard	—
25	Taylor	Tupee Enid	—
26	Urey	Benoni	695 000.00
27	Yeaten	Benjamin	—
	Total		**8 370 766.74**

85. There are several possible factors contributing to the small total of frozen assets, including the lack of freezing of real estate holdings, business equity positions and assets held by alter ego or successor entities. Another contributing factor may be lack of action by Member States.

86. The individuals on the assets freeze list include five Taylor family members, seven arms dealers, three persons from the timber industry, nine political aides and only three persons with ongoing businesses. This limits the realistic prospects of substantial recovery to seven to nine key individuals.

Status of assets freeze legislation and measures in Liberia

87. During the period of the National Transitional Government of Liberia, action was taken to freeze the assets of some of the individuals on the Security Council assets freeze list. The Supreme Court of Liberia issued a decision on 16 September 2005, which stated that the approach taken could not be the legal basis by which the Government of Liberia could enforce Security Council resolution 1532 (2004). That opinion was informed by article 20 of the 1986 Constitution of Liberia, which states that "No person shall be deprived of life, liberty, security of the person, property, privilege or any other right except as the outcome of a hearing judgment consistent with the provisions laid down in this constitution and in accordance with due process of law." "Deprived of property" and "in accordance with due process of law" were the essential elements of this argument. Nonetheless, the Supreme Court found that the Government of Liberia was entitled to proceed if it did so properly.

88. The previous Panel report indicated that draft legislation designed to amend the Penal Code for the freezing of assets was defeated in the Legislature in 2007 (S/2007/689, para. 170). In April 2008, the Panel met with Frederic Cherue, Chairman of the Judiciary Committee, to discuss the assets freeze issue. According to Senator Cherue, efforts to introduce assets freeze legislation were defeated in the House for several reasons, the first of which was that the law already allowed for the freezing of assets. The second reason was that the vested interests of some legislators meant they would be either directly or indirectly affected by such legislation.

89. Investigation and analysis undertaken by the Panel, in conjunction with discussions with legal advisers to the Ministry of Justice, indicated that there were measures already established in Liberian law, namely, in terms of criminal and civil procedures, that permitted the freezing of assets. Such measures could be employed to freeze existing assets of those individuals whose names appear on the Security Council assets freeze list, as well as trace and obtain access to information on the current whereabouts of assets outside of Liberia.

90. The actions of the Central Bank of Liberia with regard to the freezing of assets of those individuals on the Security Council assets freeze list remain weak. Regulations have been prepared and conference presentations have been delivered on the existence of money-laundering statutes and anti-corruption measures within the Liberian banking system. However, following discussions between the Panel and representatives of the Central Bank in April 2008, it became evident that the implementation of such measures has been negligible. For example, Liberian banks are required to submit suspicious transaction reports to the Central Bank pursuant to the "know your customer" banking regulations.

91. "Know your customer" is a process of intelligence-gathering and due diligence employed by financial institutions, particularly banks, to identify their clients and monitor their financial transactions. In most countries it is implemented to counteract money-laundering, corruption and terrorist financing. One typical component of "know your customer" is the verification that the bank's customers are not on any list of known financial criminals or terrorists, including the Security Council's assets freeze lists.

92. The Liberian "know your customer" regulations provide a clear definition of a suspicious transaction, and when such a transaction occurs the bank in question is required to freeze the relevant account. A suspicious transaction report should then be submitted to the Central Bank, which is required to levy penalties against banks that fail to file such reports. The Central Bank representatives, however, admitted to the Panel that to date they had not received any suspicious transaction reports and that no related fines had been levied.

Recent Government action in Liberia

93. The Panel submitted a request for information to the Ministry of Justice on 3 April 2008 for assistance in securing financial information that could contribute to the identification of assets belonging to the individuals on the list established pursuant to resolution 1532 (2004). Within 72 hours, the Office of the Solicitor General in the Ministry of Justice had prepared search and seizure warrants and secured the appropriate court orders to serve the warrants on certain Liberian banks in an effort to acquire information on the accounts of individuals whose names appear on the Security Council assets freeze list.

94. Search warrants were served on five banks in Monrovia by Ministry of Justice officials and members of LNP on 9 April 2008; logistical support was provided by United Nations police. As a result, some relevant financial information was obtained by the Ministry of Justice and subsequently provided to the Panel. However, news of this operation was leaked to at least one individual on the assets freeze list prior to the issuance of warrants, which may have had a negative impact on the outcome of the operation.

95. Two banks — International Bank and Global Bank — provided relevant account information without significant resistance. However, Ecobank and the Liberian Bank for Development and Investment (LBDI) were less cooperative. After some initial resistance, Ecobank provided information from eight open accounts in the names of some individuals on the Security Council assets freeze list, but only data for the last two years were provided to the Ministry of Justice. Two individuals on the Security Council assets freeze list, namely, Gus Kouwenhoven and Jenkins Dunbar, had accounts with Ecobank, which had subsequently been closed. By 20 May 2008, Ecobank had not provided information on those closed accounts.

96. LBDI refused to comply with the conditions of the search warrant, and consequently its Vice-President was arrested by LNP. Records and computers were not seized. LBDI subsequently reported that two individuals on the assets freeze list (Cyril Allen and Martin George) had previously had accounts with the bank, but that the accounts of both had been closed. Tradevco Bank is in receivership, and consequently the Ministry of Justice was not able to obtain any bank records at the time.

97. At the time of finalizing the present report, the Ministry of Justice was in the process of preparing to serve further search warrants on the banks in question for the purpose of securing all relevant records, including the archives and records relating to certain businesses either owned by listed individuals or directly or indirectly involved in the transfer of funds to listed individuals.

98. The fact that the Ministry of Justice and the Solicitor General have taken such action, and that the court orders were executed in a timely manner, is a positive development. The results have assisted the Panel in the execution of its search for assets of those on the Security Council list.

Movement of assets

99. The Panel's investigation of the movement of assets of some of the individuals on the Security Council assets freeze list revealed that, as in many similar cases, the funds generated through alleged criminal behaviour have been rapidly and frequently distributed among a series of bank accounts. Much of this money has been transferred to non-Liberian locations. Funds have also been channelled to shell companies, alter egos and aliases, as well as successor entities.

100. The involvement of related parties was a common means of moving money and assets. For example, an investigation by the Panel indicated that Gus Kouwenhoven made use of more than 30 bank accounts. For 1998, 1999 and 2000 there are financial records showing $1 million flowing into Mr. Kouwenhoven's bank account on a monthly basis, as well as flowing out to family members, brokerage accounts, American Express and Taylor family members. Various companies in affiliation with the Oriental Timber Company (OTC), including Globe Star, Borneo Jaya Pte, Ltd. Global Trading, Eugene Trading, Evergreen Trading, Natura Holdings and Artland Resources, alternated making monthly payments of $250,000 to $400,000 to Gus Kouwenhoven or Charles Taylor.

101. The role of OTC in the financing of arms and related materiel during the periods of violent conflict in Liberia has been widely reported. The Panel undertook an investigation of OTC, as well as of some suspicious financial transactions between it, the Government of Liberia and parties named on the Security Council assets freeze list for the period from 7 June 1999 to 15 May 2003. Table 6 provides a summary of various OTC transactions.

Table 6
Suspicious Oriental Timber Company transactions, 1999-2003

Date	*Amount (United States dollars)*	*Oriental Timber Company transactions identified as tax advances to the Government of Liberia*
7 June 1999	2 500 000	To account number 111-000043
13 July 1999	56 000	To Sanghi Penalti Sporting Healthcare
16 July 1999	1 000 000	To Dunraven Holdings ATS, Ltd., for a patrol boat for Fred Rindel from Borneo Jaya Pte, Ltd. (as a wire transfer)
31 July 1999	91 468	To Global Trade and Associates, Inc.
26 August 1999	250 000	To Hotel Africa account at International Bank from Borneo Jaya Pte, Ltd. (as a wire transfer)

Date	*Amount (United States dollars)*	*Oriental Timber Company transactions identified as tax advances to the Government of Liberia*
26 August 1999	500 000	To Banque Diamantaire in Switzerland. From Borneo Jaya Pte, Ltd., as a wire transfer
15 October 1999	602 532	Compania Maridel S.A. From Reddin Investments, Ltd., in Hong Kong
June 2000	1 000 000	Unspecified
13 July 2000	2 000 000	To LBDI account
31 August 2000	400 000	Unspecified
22 December 2000	1 000 000	To Ecobank account number 10410017212018
December 2000	500 000	Unspecified
April 2001	400 000	Unspecified
17 April 2001	1 500 000	To LBDI
11 May 2001	800 000	Unspecified
23 July 2001	384 299	Unspecified
23 July 2001	929 080	Unspecified
31 October 2001	3 000 000	Unspecified
19 March 2002	2 000 000	Unspecified
1 November 2002	1 000 000	Unspecified
6 March 2003	17 500	Unspecified
24 March 2003	2 500 000	Unspecified
9 April 2003	1 000 000	Wire into Ecobank account number 1221-0000-642018, which is listed to Evergreen Trading Corporation from Hang Seng Bank, Ltd., account number 024-242-174514-201
15 May 2003	1 076 433	Unspecified

102. According to a letter from Charles Bright, former Minister of Finance, various payments were used for military-related purchases and credited as tax payments (see annex V). One case involved the purchase of a patrol boat. A letter dated 11 July 1999 from Juanita Neal, then Deputy Minister of Revenue, addressed to John Teng, General Manager of OTC, requested a payment of $1 million to Barclays Bank PLC, Jersey, to Dunraven Holdings ATS, bank account number 85188799 (see annex VI). A wire transfer from Borneo Jaya Pte, Ltd., was made into the account on 16 July 1999 (see annex VII). Similarly, a helicopter was purchased by Sanjivan Ruprah with funding from OTC. A letter of 20 August 1999 from Juanita Neal addressed to John Teng requested a payment of $500,000 into a bank in Switzerland (see annex VIII). The payment was made on 26 August 1999 as a wire transfer from Borneo Jaya Pte, Ltd., to Sanjivan Ruprah at Banque Diamantaire in Geneva, account number 15462 (see annex IX).

103. An example of money flowing to alter egos is the 15 October 1999 payment of $602,532 made by Reddin Investments, Ltd., located in Hong Kong, to Compania Maridel, S.A., in Geneva, via wire transfer from the Hong Kong and Shanghai Banking Corp, account number 002-2-633630. The real beneficiary was Gus Kouwenhoven. OTC also received credit towards its forestry taxes.

VIII. Diamonds

104. The Panel has assessed Liberia's compliance over the past year with the minimum requirements of the Kimberley Process Certification Scheme. Specific requirements of the Kimberley Process include the issuance of certificates for each shipment; internal controls for both export and import of rough diamonds; maintenance and reporting of statistics; and cooperation and transparency. Compliance with some requirements has been verified in the past, namely, the existence of a Kimberley Process certificate that meets minimum standards and an internal control system. Thus, this assessment focuses on the implementation of the existing system.

105. In addition to setting out the minimum requirements, the Kimberley Process Certification Scheme also makes a number of recommendations for best practices, and the Panel has examined Liberia's implementation of them. Finally, the Panel has examined whether the Government of Liberia has met all pre- and post-admission recommendations made by past Kimberley Process expert missions.

106. As requested by the Security Council, the Panel cooperated actively with the Kimberley Process in conducting its assessment. The Panel held meetings with both the Kimberley Process Chair in India in late March 2008 and the head of the Kimberley Process review visit team in Belgium in early April 2008. The member of the Panel specialized in natural resources participated fully in the activities of the Kimberley Process review visit, which took place from 28 April to 2 May 2008, and has shared information, analysis and preliminary conclusions with the Kimberley Process team. The Panel notes with regret that the Minister of Lands, Mines and Energy was not in the country during the review visit.

107. To conduct its assessment, the Panel collected information from Liberia throughout the course of its mandate, in addition to participating in the Kimberley Process review visit. This data collection included reviewing documents at the Government Diamond Office in Monrovia as well as at Regional Diamond Offices. The Panel also conducted a wide range of interviews and discussions with officials in the Ministry of Lands, Mines and Energy, as well as with a broad range of stakeholders, including miners, brokers and dealers, as well as exploration and mining companies. The Panel undertook a number of field visits to artisanal mining areas, as well as larger-scale exploration and mining operations.

A. Kimberley Process Certification Scheme in Liberia

108. The legal framework for the Kimberley Process Certification Scheme in Liberia is the New Mineral and Mining Law, passed in 2000. In September 2004, an Act was passed that added provisions for controls on the export, import and transit of rough diamonds. It prohibits the exporting authority from issuing a Kimberley Process certificate until the exporter has provided conclusive evidence that the rough diamonds meant for export have been mined in the Republic or imported in compliance with law. Liberian law includes provisions for non-industrial alluvial mining licences intended only for Liberians (class C), industrial alluvial mining (class B) and industrial hard-rock/alluvial mining operations (class A). There are also provisions for exploration licences and mineral development agreements.

109. The Liberian system requires licensing of diamond brokers and dealers, as well as compulsory documentation of every transaction in the rough-diamond trade chain, from production to export. Holders of class C mining licences can sell only to licensed brokers or licensed dealers who are parties to a mineral development agreement. Brokers are required to sell only to licensed dealers.

110. The Ministry of Lands, Mines and Energy is the lead ministry on Kimberley Process implementation. The Department of Exploration issues class A mining licences and exploration licences, while the Department of Mines issues class B and class C mining licences, as well as the diamond broker and dealer licences.

111. The Government Diamond Office receives and values shipments intended for export. Personnel verify all paperwork. The highest of three values (provided by the exporter and Government and independent valuators) is used to determine the 3 per cent Government royalty. Once the dealer verifies payment of the royalty, the Government Diamond Office issues a Kimberley Process certificate and authorizes export. The Office also maintains a computerized, relational database.

112. Regional Diamond Offices issue vouchers to certify origin. The regional officers must verify that the miner has a licence, register the characteristics of the diamonds and issue an authentication voucher. At each exchange, the buyers and sellers must complete a sales receipt that records licence numbers for the seller and buyer, and the volume and value of the transaction. In terms of trade in diamonds, the law specifies that diamond miners are able to sell their diamonds to licensed brokers who can sell to licensed dealers. Only licensed dealers can export rough diamonds.

113. The Ministry of Finance also plays an important role in the system of internal controls. Exporters pay royalties to the Central Bank and obtain necessary receipts from the Ministry of Finance. The Department of Customs in the Ministry of Finance monitors exports and imports through Roberts International Airport.

B. Recent developments in the diamond sector

114. Diamond exploration and mining activities are on the increase. Ten companies have licences for diamond exploration. Five applications for new diamond-related mineral exploration licences have been forwarded to the Inter-Ministerial Concessions Committee for consideration. Three of nine existing mineral development agreements are for diamond exploration companies, including Italgems, Kpo and AMA, although the legal status of the latter's 1984 concession agreement is unclear.

115. Since recommencing the issuance of diamond-mining licences in late July 2007, the Ministry has issued 13 class B licences, five in 2007 and eight in 2008, as at 2 May. It has also issued a total of 519 class C licences for artisanal diamond mining, 287 in 2007 and 232 in 2008 up to early May. There are considerable variations between counties and mining agencies in terms of issuance (see annex X). There are no class A diamond-mining licences. The Ministry had issued 30 diamond broker licences and 21 diamond dealer licences as at 29 April 2008. Illicit mining continues in many areas. For example, illicit miners are operating in Kumgbor, Gbarpolu County, and the Panel was informed that in Paris Camp, Sinoe County, there were only 12 licensed class C miners even though there is a population of 10,000 in the camp (information provided by the Bureau of Mines indicates there are only eight diamond-mining licences in Sinoe County).

116. As at 12 May 2008, the Government Diamond Office had issued a total of 43 Kimberley Process certificates, although four of them were then cancelled. Thus, 39 shipments of rough diamonds have left Liberia with Kimberley Process certificates. This total includes the five stockpile parcels exported in September and October 2007. The 39 valid certificates have authorized the export of 39,971.37 carats of diamonds valued at approximately $5,452,485 (see table 7). Liberia has earned approximately $163,876 in 3 per cent export duties from these shipments. The Government Diamond Office statistics gathered so far have indicated the absence of large and valuable stones from exported shipments. The few large stones that were present were mostly of inferior quality.

117. A major setback occurred on 25 February 2008, when part of the building housing the Government Diamond Office caught fire. While the Office was not affected initially, the fire left the building without a roof and rains later flooded the database room, damaging the computers that store the database. The events affected the functioning of the Office for over a month. The Government prioritized recovery, and reconstruction was completed by early May 2008. Restoration of the digital database was undertaken in March 2008 and the database was fully operational by the time of the Kimberley Process review visit.

Table 7
Summary of Liberian rough diamond exports

Period	*Certificates*	*Cancelled certificates*	*Carats*	*Shipment value*	*Royalty for Liberia*
				United States dollars	
1 September-31 December 2007	16	2	21 699.74	2 657 541.58	79 726.25
1 January-9 May 2008	27	2	18 271.63	2 794 943.86	84 150.32
Total	**43**	**4**	**39 971.37**	**5 452 485.44**	**163 876.56**

118. Further conflict has occurred between local miners and AMA in Kumgbor, Gbarpolu County, over diamond-mining rights. On 26 February 2008, local miners attacked staff of AMA, using shovels, cutlasses and diggers as weapons. Two AMA security guards sustained injuries. A shot was allegedly discharged by AMA security. The Panel accompanied the Minister of Lands, Mines and Energy and UNMIL personnel to the area for a public meeting on 7 March 2008. The Minister mediated the dispute, and, in response to complaints that Ministry action was contributing to the problem, stated that it would demarcate the AMA concession area. The Panel and Kimberley Process team visited the Kumgbor area in late April 2008. The owner of AMA informed members of the Kimberley Process team that while his concession agreement specified 66,242 acres, he had a verbal agreement with a Minister from the National Transitional Government of Liberia for 215,000 acres. He insists that all other miners in the area are illegal. He also informed Kimberley Process team members that AMA had hired some of Charles Taylor's former bodyguards to intimidate local miners.

119. The European Commission moved ahead with a proposal to provide funding for two technical advisers to assist with the implementation of the Kimberley

Process system in Liberia. According to the European Commission, those contractors should commence their duties by the end of May 2008.

C. Update on previous shipments

120. The Panel reported in S/2007/689, paragraphs 39 to 41, that the Kimberley Process Working Group of Diamond Experts had raised doubts about the origins of one shipment of stockpiled diamonds, stating that they could not exclude the presence of Ivorian diamonds (see also S/2008/235, paras. 68-70, comments by the Group of Experts on Côte d'Ivoire). However, upon receiving general agreement to a stockpile clearance process from the Kimberley Process Participation Committee on 10 October 2007, the Government Diamond Office issued Kimberley Process certificate RL01003 (see annex XI) and the shipment was exported on 11 October 2007.

121. The Panel wrote to the Kimberley Process Chair in November 2007, requesting further details about the decision-making process and to clarify whether there were outstanding doubts about the origins of the shipment. The Panel received a response in late December 2007. The Chair's response noted that the Working Group of Diamond Experts had not changed its original conclusions about the shipment after receiving the fluorescence data. The response also noted that the Participation Committee had considered a proposal for clearing stocks in general and had not advised on any particular shipment, which would have been beyond its mandate. The Chair also stressed that it was the responsibility of the national authority to make decisions on whether a particular shipment met the requirements of its national legislation.

122. Further discussions with officials in the Government Diamond Office have revealed that the focus at the time was on clearing the stockpiles and ensuring that diamonds were not smuggled, and that certificates were issued in this context, including for this particular shipment. While the Panel recognizes the constraints the Government of Liberia currently faces, the Panel considers it very regrettable that the Government Diamond Office did not consider further the doubts about this shipment and conduct further investigations to ascertain whether there were indeed conflict diamonds in the parcel.

123. The Panel has also reported that one dealer exported a shipment to Israel without a Kimberley Process certificate (S/2007/689, para. 31). The Panel wrote to the Permanent Mission of Israel to the United Nations on 10 April 2008 requesting further details. The response of 1 May 2008 stated that the shipment of 33.71 carats (HS code 7102.31) had arrived at the Israeli Customs office in Ramat Gan in October 2007 and had been valued at $29,000. After inspection, the parcel was resealed and detained owing to the lack of a Liberian Kimberley Process certificate. The parcel is still being held by Israeli Customs until an appropriate solution is found.

124. In Liberia, the Government has fined the dealer $20,000. The Panel and Kimberley Process team met with the dealer on 2 May 2008, and he expressed his frustration that the shipment had not yet been released. Inquiries with a broader range of actors in the Kimberley Process have identified similar cases in other countries, however, and have shown that the issue of how to handle shipments without certificates is a problematic area that requires more consideration from the Kimberley Process as a whole.

D. Assessment of compliance

125. As noted earlier, Liberia has a Kimberley Process system of internal controls in place, and it faces the difficult challenge of implementing this new system in the context of inexperienced governance structures. Table 8 summarizes the status of Liberian compliance with the minimum requirements of the Kimberley Process Certification Scheme. The Panel has found that the Ministry has made significant progress in some areas of implementation of the Certification Scheme and the internal control system. The Government Diamond Office is generally functioning smoothly and has coped extremely well with significant setbacks, such as the fire and subsequent damage to the digital database. Other areas are proving more problematic (see table 8). Despite all the achievements, the Panel must stress that there are a number of issues that the Government of Liberia, the Ministry and the Government Diamond Office must address to be fully compliant with the Kimberley Process Certification Scheme and to ensure that the Government is implementing its own law. The Kimberley Process Certification Scheme must remain a high-priority issue for Liberia.

Table 8
Implementation of the Kimberley Process Certification Scheme in Liberia

Requirement	*Implementation status*
Kimberley Process certificate: one must accompany each shipment (sect. II (a) and sect. III (a))	Implementation is ongoing but there are concerns that many diamonds are being exported without entering the official system and thus are exported without Kimberley Process certificates
Processes for issuing certificates: these must meet minimum standards (sect. II (b))	Liberia has an internal control system and set of procedures that guide the issuance of certificates. More detailed procedures are required
Imports: participants must ensure these have a certificate, that confirmation is sent and that certificate is kept for 3 years (sect. III (b))	Liberian legislation includes provisions for imports and the Government Diamond Office has import procedures. However, the only two known imports have not proceeded through the proper channels
There must be no exports to non-participants (sect. III (c))	All Liberian Kimberley Process certificates have been destined for participant countries
System of internal controls: participants must design a system to eliminate the presence of conflict diamonds from shipments (sect. IV (a))	Internal controls have been developed. Implementation is ongoing. Some decisions undermine the system. An alternative procedure was used for clearing stockpiles in October 2007 and one shipment was exported that potentially contained conflict diamonds. Another "special shipment" to a non-licensed dealer was made in March 2008. The lack of an office in Sinoe County is a gap in the system

Requirement	*Implementation status*
Consider further options and recommendations of annex II for internal control system (sect. IV (f))	The Liberian system incorporates many of the further options. There is a computerized database, and electronic messages are reportedly transmitted and received. The Ministry is undertaking licensing of small-scale mining activities, though this requires ongoing efforts owing to the scale of activities. Diamond buyers are required to have a licence, but as noted, at least one exception was made
Rough diamonds are to be imported and exported in tamper-resistant containers (sect. IV (c))	Yes. The Government Diamond Office packages parcels in wooden boxes, which are wrapped, taped and sealed with wax
Enact or amend appropriate laws and maintain appropriate and dissuasive penalties (sect. IV (d))	The appropriate law is in place and contains provisions for issuance of fines for transgressions. The Ministry issued a significant fine to the dealer that exported a shipment without a Kimberley Process certificate in October 2007
Collect and maintain production, import and export data (sect. IV (e), V (b), annex III) and collate and share it (sect. V)	The Government Diamond Office has a digital database. It maintains export statistics. There is no production data separate from export data. It has shared data with the Kimberley Process as required
Cooperation and transparency (sect. V)	The Ministry is maintaining statistics as required. The Government Diamond Office has been transparent and open and is collaborating with Kimberley Process participants on key matters. They are sharing experiences and cooperating with other participants to resolve various problems (sect. V (f))
Administrative matters (sect. VI)	Liberia prepared a report for the annual plenary meeting in November 2007. The Government Diamond Office did not submit the 2007 annual report, due on 31 March 2008, but was preparing a draft in mid-May 2008

Issuance of Kimberley Process certificates and export controls

126. Generally, the Government Diamond Office appears to function well and follow the procedures for valuing diamonds and issuing Kimberley Process certificates. Most export certificates appear to be in order. There are, however, a few cases of issuance of Kimberley Process certificates that are cause for concern. As noted earlier, it is the Panel's opinion that the Government Diamond Office should have undertaken further investigation before issuing certificate RL01003 in October 2007, given the doubts raised by the Kimberley Process Working Group of Diamond Experts about the origin of the diamonds and the fact that the diamonds had not proceeded through the Liberian system of internal controls. Ill-considered decisions only undermine the integrity of Liberia's internal controls and the entire Kimberley

Process system, which seeks to prevent conflict diamonds from entering the legal diamond trade.

127. The second case involved the issuance by the Government Diamond Office of a Kimberley Process certificate for a "special shipment". On 5 March 2008, the Ministry received a request from the Reverend Johnny Johnson for permission to export a small shipment to the United States of America (see annex XII). The letter was forwarded by the Minister to the Government Diamond Office for review. On 24 March 2008, the Office issued Kimberley Process certificate RL010026 for the export of 13.7 carats of diamonds valued at $15,100 to Staten Island, New York (see annex XIII). While the shipment did have the requisite vouchers and sales receipts, the exporter did not have a diamond dealer's licence and thus was not legally entitled to export rough diamonds from Liberia. In response to enquiries made by the Panel and the Kimberley Process team, Government Diamond Office staff stated that the Minister traditionally had the right to make exceptions, so they had issued the Kimberley Process certificate. They were also concerned that the person might smuggle the diamonds out of Liberia if they did not issue a certificate. This type of discretionary decision is contrary to the law and sends an inappropriate message to those who have legally registered and paid their fees.

128. In terms of other paperwork issued as part of the system of internal controls, a spot check by the Kimberley Process team found that the data on the various forms generally matched. During a review of vouchers and receipts, however, the Panel found instances of modifications made to the original entries. In many cases, employees were correcting original data-entry errors. The Panel also noted that dates on paperwork were not consistent or necessarily in chronological order. There are sometimes gaps of one month or more between vouchers issued at some Regional Diamond Offices. When reviewing the Government Diamond Office's copies of vouchers on 15 May 2008, the Panel noted there were no vouchers from the last four months for two Regional Diamond Offices (see table 9).

129. The Panel was informed by some regional officers and a number of other stakeholders that regional officers are often absent from their offices. Many regional officers admitted that they were in "go-slow" mode for a few months and that this situation was at least partly due to the unresolved stipend issues, which the Panel described in its last report (S/2007/689, paras. 53-54).

130. The Panel notes with concern that some Regional Diamond Offices are still operating in temporary locations. For example, regional officers are working out of rented space in Weasua and Camp Alpha. At the time of the Panel's visit to Nimba County in early March 2008, the container that housed the office in Sanniquellie was boarded up and the regional officers were reportedly working out of another office, although local UNMIL staff were not aware of this fact (see annex XIV).

131. The Panel notes that there is also considerable variability in the number of vouchers issued by the 10 offices, as evident in table 9. This could be the result of various factors, including the productivity of different mining areas, the volume of legitimate versus illicit mining and trading activities, the accessibility of offices, the operational status of the offices and perhaps their issuance of licences and cooperation with mining agents. At a minimum, the lack of vouchers in Monrovia in mid-March and again in mid-May indicates a broader problem with the flow of documents from the regions to Monrovia.

Table 9
Issuance of vouchers by Regional Diamond Offices[a]

Regional Office	*Number of vouchers in the Government Diamond Office*	*Date of last voucher*
Bahn	28	4 April 2008
Bomi Hills	27	18 March 2008
Camp Alpha	84	31 March 2008
Kavelihun	32	11 April 2008
Ganta	14	18 December 2007
Gbarpa	17	30 April 2008
Kakata	12	16 January 2008
Lofa Bridge	50	13 April 2008
Sanniquellie	20	23 April 2008
Weasua	12	7 April 2008
Total	**296**	

[a] Data derived from the review of vouchers conducted on 15 May 2008.

132. In a meeting with the Kimberley Process team on 28 April 2008, members of the Liberian Diamond Dealers Association stated that they were concerned that the new system of Regional Diamond Offices and vouchers was unfamiliar to those in the sector and that this extra step discouraged miners from obtaining vouchers. They argued that the extra step was an incentive for the miners and unlicensed brokers to smuggle diamonds to neighbouring countries. The dealers have expressed fear that the industry could be affected negatively owing to the smuggling of diamonds from Liberia (see annex XV).

Import controls

133. Liberia has had two imports of rough diamonds, both re-imports of Liberian diamonds. Inquiries made by the Panel and the Kimberley Process team on 2 May 2008 at Roberts International Airport found that Customs officials did not have records of any import of diamonds. Neither were Government Diamond Office staff aware of any imports, though they were expecting one from China (see paras. 135-136 below).

134. The first shipment was a re-import from Europe of a shipment exported in September 2007. The shipment was brought to the attention of the Government of Liberia during the Kimberley Process review visit by team members who had examined a Kimberley Process report on participant statistics. As of late April, this import had not been reported by Customs at Roberts International Airport. Follow-up by both the Government Diamond Office and the Panel has discovered that Subsea Resources DMCC [Dubai Multi Commodities Centre] imported the diamonds. The company informed the Panel by telephone on 12 May 2008 that it planned to bring the shipment and Kimberley Process certificate to the Government Diamond Office.

135. The second shipment had been sent to China in December 2007. Chinese authorities seized and investigated the shipment, as the package had been tampered with en route. They communicated with the Liberian authorities and found that the contents were not in accord with Kimberley Process certificate LR010012: the weight of the industrial diamonds was 70.24 rather than 80.12 carats. They concluded that the diamonds were not in compliance with the Kimberley Process Certification Scheme, returned the diamonds to the dealer's agent for re-import to Liberia at the end of February 2008 and informed the Liberian authorities of this action.

136. The company in question, Avargo International, arrived at the Government Diamond Office on 12 May 2008 while the Panel was present. The company's representatives showed the parcel to the authorities and asked for permission to re-export the shipment. They stated they had imported the shipment four days earlier, but then clarified that the date was 30 April 2008. The Panel was able to confirm this through its inspection of flight manifests at Roberts International Airport. The company claimed that it had declared the shipment upon arrival. After considerable discussion, the Ministry took the shipment into custody in order to undertake an investigation of the circumstances. This investigation is ongoing.

137. While these cases still require further investigation by the Government Diamond Office and Customs, both reveal the need for more attention to import controls, including more education of those trading in diamonds, as well as of the Government Diamond Office and Customs officials.

Statistics, cooperation and administrative matters

138. The Government Diamond Office maintains a digital database. The external evaluator has also been keeping an Excel file of export data for use in analysis. The Office has uploaded data to the Kimberley Process database, as required. The Ministry has provided data to the Kimberley Process, but it has used the export statistics as production statistics. This appears to be a common issue for participants that have small-scale diamond production. However, the purpose of requiring production data to be collected and reported separately is to enable checks to be undertaken on export and import data.

139. The Government Diamond Office has been very open and transparent. It has worked in difficult cases with the Kimberley Process Chair, Working Groups and individual participants to attempt to resolve problems and correct inaccuracies in reporting. The Office is also reportedly transmitting notices of shipments to importing participants, a Kimberley Process recommendation rather than a requirement. The Ministry had not submitted its required annual report by early May 2008 but was preparing it as the Panel was finalizing the present report.

Status of past recommendations

140. The third Kimberley Process expert mission had a number of recommendations, both pre- and post-admission. Compliance with many of those recommendations has been reported as complete in past reports. Table 10 summarizes the current status of the outstanding recommendations and highlights some others where more attention may be warranted.

Table 10
Status of other recommendations

Requirement	*Basis*	*Status*
Complete deployment of regional offices	Pre-admission recommendation of Kimberley Process expert mission	Three Regional Diamond Offices are still not permanently established but are working out of temporary locations
Outreach and training workshops	Pre-admission recommendation of Kimberley Process expert mission	Initial outreach programme completed. However, more outreach required
Need to continue working with partners to build capacity and train officials	Kimberley Process expert mission recommendation (post-admission)	Training undertaken but some re-education may be needed. More inter-agency cooperation required
Liberia encouraged to invite Kimberley Process review visit	Kimberley Process expert mission recommendation	Completed
Ministry should alert other agencies (e.g., UNMIL, LNP, Customs) to potential for cross-border movement of diamonds	Kimberley Process expert mission recommendation (post-admission)	While some work may have been done, consultations with United Nations police, Customs at border sites and LNP indicate the need for more focused efforts in this regard
Liberia should report to Kimberley Process regarding implementation of outstanding recommendations	Kimberley Process expert mission recommendation (post-admission)	Not complete. Liberia should include as part of its 2007 annual report to Kimberley Process
Permanent exclusion of foreign diamond-trading companies from incorporating through the Liberian International Shipping and Corporate Registry	Kimberley Process expert mission recommendation	The Panel has not yet been able to confirm that the Ministry has issued a press release related to company registration

141. The Ministry provided the Kimberley Process team with a preliminary list of equipment and training needs during the review visit, in response to a recommendation made by the "friends of Liberia" meeting in the context of the Kimberley Process plenary in November 2007. This is a positive step, as there is an obvious need for ongoing training to ensure implementation of the internal control system, as well as for basic equipment for the Regional Diamond Offices and the Government Diamond Office. According to Government Diamond Office staff, generators and fans are being stored in Monrovia, as there are insufficient numbers to be distributed to all of the Regional Diamond Offices.

E. Other outstanding issues

142. The stipend issue regarding payments for the Government Diamond Office and regional officers continued to be a problem throughout the reporting period. As at the end of April 2008, the matter was with the Cash Management Committee at the Ministry of Finance.

143. As noted, the system requires an independent valuator to provide a third-party assessment. The Ministry conducted the bidding process, and while three companies expressed interest, only one applied. A final decision has not yet been reached. The current valuator has been funded by the United States Agency for International Development since September 2007. The placement and funding have been extended twice but will definitely expire on 31 May 2008.

144. As noted in the last report, the Government carried out a sensitization programme for miners, brokers and dealers, as well as training of Government officials (Customs, mining agents, regional officers) after joining the Kimberley Process Certification Scheme. However, many miners, brokers and dealers agree that there is a need for more efforts in this regard. In addition, some areas have not had any education programme, most notably the Sinoe County diamond-mining area. Many mining agents appear to have limited training, equipment and understanding of the rules. Diamond dealers have exported and imported diamonds without abiding by the law and have claimed they were not aware of the rules.

145. On 1 May 2008, the Panel and Kimberley Process team met with the LNP Deputy Commissioner of the Crime Services Division and the Chief Investigator of the General Crime Services Division. They stated that LNP was not involved in law enforcement activities related to diamond mining and trading.

IX. Forest management and the timber sector

146. The Security Council initially allowed timber sanctions to expire on 21 June 2006 and confirmed the lifting once the Liberian legislature adopted the National Forestry Reform Law in September 2006. That Law and the 10 core regulations, signed into effect on 11 September 2007 by the Board of Directors of the Forestry Development Authority (FDA), now constitute the legal framework for forest management in Liberia. FDA is tasked with implementing this legal framework in a difficult context where there are competing pressures focused on commercial, conservation and community rights related to forest lands.

147. To conduct its assessment of implementation and enforcement of the National Forestry Reform Law, the Panel built on its previous assessments in the areas of forest policy and planning, the commercial forestry sector, community forest rights and conservation (S/2007/689, para. 72). The focus of the present assessment is on areas in which there have been major developments since the last report, mostly in the commercial forestry sector.

148. To gather information, the Panel consulted with a broad range of interlocutors, including the Managing Director and various employees of FDA, international providers of technical assistance, NGOs and companies. The Panel attended the timber sales contract bid-opening ceremony on 29 February 2008, as well as some

sessions of the bid evaluation panel. The Panel conducted a review of some pre-qualification and due-diligence files.

149. In addition, the Panel submitted a letter dated 8 April 2008 to the Managing Director of FDA requesting information and documentation on a range of activities, including FDA planning documents, timelines for allocating commercial logging concessions, resolutions of the Board of Directors and minutes of the Board's meetings. The Managing Director informed the Panel on two occasions that he had taken the request to the Board of Directors, which had asked him to consult with a broader audience. The Panel had not received a written response as at 20 May 2008.

150. Tables 11 and 12 provide a summary of the status of key requirements under the National Forestry Reform Law. The Government of Liberia has made progress in a number of areas, including the development of drafts of required legislation and the completion of various tasks required to start commercial forestry operations. There are a number of challenges, however, to ongoing implementation, and there is evidence of irregular application of the Law and its regulations. The areas of progress and challenges are discussed in more detail below.

A. Forest planning, community rights and conservation

151. Table 11 summarizes the status of key requirements of the National Forestry Reform Law in the areas of general planning, community forest land rights and conservation of biodiversity. There has been progress in a number of areas. For example, the FDA Board of Directors has now approved the National Forest Management Strategy required by the National Forestry Reform Law, and it is available on the FDA website (www.fda.gov.lr).

Table 11
Status of planning, community rights and conservation requirements

Requirement	*Status*
National Forest Management Strategy	Approved by FDA Board of Directors
Forest management guidelines	Have been prepared
Code of forest harvesting practices	Has been developed
Comprehensive law governing community rights with respect to forest lands	FDA did not meet original deadline of 4 October 2007, but second draft under review
Protected-area network and conservation corridors: FDA is required to establish a network to cover at least 30 per cent of the forested area of Liberia	Three priority areas identified and work almost complete on first area, Lake Piso in Grand Cape Mount County. Demarcation of East Nimba Reserve in February led to conflict between local residents and FDA staff
Framework law for wildlife conservation	FDA did not meet one-year deadline. Zero draft of a comprehensive bill on conservation and wildlife legislation has been prepared
Public access to information	One community group had not received requested information as at 20 May 2008

152. The Panel previously reported that the one-year deadline for the community rights law regarding forest lands was not met but that work on a draft was under way (S/2007/689, para. 84). There was progress during the first quarter of 2008, and in May 2008 the Community Forestry Working Group was working on a second draft of a bill. Various workshops and retreats have been held, including a retreat on 17 May 2008 to review the second draft.

153. FDA is making progress on some tasks with regard to provisions related to conservation and environmental protection. For example, it has developed forest management guidelines and a code of forest harvesting practice.

154. The Panel does not have access to sufficient information on the protected-area network to assess progress. However, the Managing Director of FDA informed the Panel on 16 May 2008 it was awaiting funding from the Global Environment Facility to proceed with work on the three areas prioritized for protected-area status. FDA has experienced some difficulties with regard to fieldwork. There was a conflict between local people and FDA employees in February 2008 when the FDA employees were attempting to demarcate the East Nimba Nature Reserve. As at 16 May 2008, no further demarcation work had taken place, according to the Managing Director of FDA.

155. The National Forestry Reform Law requires FDA to develop and present to the Legislature a comprehensive framework law for wildlife conservation and protection. FDA, with outside technical assistance provided through funding from the World Bank, has prepared a zero draft of a conservation and wildlife protection law. It is reportedly developing that bill giving careful consideration to the National Forestry Reform Law, the developing community forestry rights bill and other legislation.

B. Process of awarding contracts for commercial logging concessions

156. The National Forestry Reform Law contains a number of requirements with regard to forest site evaluation and the preparation, tendering and awarding of contracts for commercial forestry. FDA is also required to follow the Public Procurement and Concessions Act and other applicable laws in the granting of forest management contracts and timber sales contracts. The Panel can report that FDA has achieved progress since the last report (S/2007/689, paras. 77-82) and has completed many of the necessary steps required for issuing its first logging-concession contracts. However, concerns have been raised by technical advisers, companies, civil society and community groups. The major achievements and challenges, as well as the various concerns about the process, are noted below (see table 12).

Chain of custody

157. Chain of custody is intended to facilitate the verification of taxes and fees and the origin of timber prior to the issuance of any export permit. The contract for the chain-of-custody system was signed by the Ministries of Finance and Justice in December 2007. Under the terms of the contract, Société Générale de Surveillance S.A. (SGS) is responsible for a variety of tasks, including the management of the chain of custody of all logs and wood products, from stump to port of export or domestic markets. These obligations apply to the whole territory of Liberia and

include all commercial movement of timber and timber products, including logs from concessions and plantations. SGS has set up an office in FDA and has developed draft operating procedures. The United States Government is currently providing $1.64 million to finance the initial start-up of the services being supplied by SGS.

Pre-qualification of logging companies

158. Pre-qualification is required for companies seeking to bid on commercial timber contracts. This process is intended to ensure that only legally registered companies that have no tax arrears, whose significant individuals have not been found guilty of any criminal activity and that have the required technical and financial means are able to bid for logging concessions. As noted in the last report, FDA established a pre-qualification panel to review company applications, as required by the Law (S/2007/689, para. 80). A total of 86 companies applied to be pre-qualified; the panel approved 38 of them, as well as provisionally pre-qualifying another 6 (see annex XVI). It did not pre-qualify 42 companies, including two (the Liberian Logging and Wood Processing Corporation and Togba Timber Corporation) that had sufficient points to qualify but had been recommended for debarment by the Forest Concession Review Committee. The pre-qualification panel is now conducting a second review and has received 38 applications, most of which are from companies reapplying, according to the Chair of the panel.

Table 12
Status of requirements for allocation of commercial logging

Legal requirements	*Status*
Pre-qualification	Applications processed by panel. 44 out of 86 (51 per cent) applicants pre-qualified. A review by the Panel of randomly selected company files demonstrates need for more thorough review of documents and business plans to ensure that the companies meet all requirements
Preparation of inventories, justification documents and prospectuses for timber sales contracts	Six timber sales contracts and three forest management contracts completed. Work under way on inventories and justification documents for four more forest management contracts. A community group in Gbarpolu has stated that one timber sales contract and one forest management contract overlap with deeded land in their district
Bidding processes	Six timber sales contracts to be awarded to three companies. The 13 bids for 3 forest management contracts are undergoing evaluation and due diligence, which must include investigation of financial supporters
Chain-of-custody system that meets international standards	Contract signed by all required signatories in December 2007. The office is operational. Draft standard operating procedures prepared. No forest products have been exported through system as at 15 May 2008. Abandoned logs will not be processed by SGS

Legal requirements	*Status*
Abandoned logs	FDA has inventoried abandoned logs. Six auctions have been conducted by county courts. FDA has sold over 6,000 m^3 of logs without an auction
Rubberwood	SGS is now working with G4 West Africa Operations (WAO), a company that is interested in exporting rubberwood. FDA has issued an invoice for export fees (but not stumpage fees), contrary to the chain of custody contract signed with SGS
Debarment list	No information on this as at 19 May 2008

159. As part of the pre-qualification application, companies must submit a number of supporting documents from other Government ministries and agencies, attesting to their good standing. These supporting documents include letters or certificates of clearance from the Public Procurement and Concessions Commission, the Ministry of Finance and FDA, among others. FDA also requested that the Truth and Reconciliation Commission submit a letter or certificate of non-involvement. The regulation and application form, however, require only that "significant individuals" of a company either submit a sworn affidavit to the Truth and Reconciliation Commission, stating that they were not involved in the Liberian forestry sector prior to 1 January 2006 or that they had involvement but have filed with the Truth and Reconciliation Commission a sworn statement describing their involvement in the industry and any involvement in illegal logging. Many companies complied and submitted various documents. However, a Liberian environmental NGO, the Sustainable Development Institute, raised concerns about the authenticity of certificates issued by various agencies that were submitted as part of the pre-qualification application.

160. The Panel wrote letters to the Public Procurement and Concessions Commission, the Ministry of Finance and the Truth and Reconciliation Commission requesting information on their processes for issuing letters or certificates of clearance. While the Public Procurement and Concessions Commission did not provide a written response, its Executive Director informed the Panel in a meeting in early May 2008 that it had undertaken a verification of the documents submitted by companies and issued 14 letters to logging companies stating that they were cleared for applying for concessions. The Ministry of Finance supplied the Panel with a response on 19 May 2008 that indicated that it had issued 42 tax clearances, only one of which was to a company with tax arrears. The Ministry provided copies of the certificates to the Panel on 20 and 21 May 2008.

161. The Executive Secretary of the Truth and Reconciliation Commission informed the Panel, both in a letter dated 25 April 2008 and in a meeting on 15 May 2008, that at the request of FDA, he had issued letters on behalf of the Commission stating that the designated companies had not been involved in any activities of interest to the Commission, but that those letters had later been retracted by the Chair of the Commission in a letter dated 3 December 2007 (see annex XVII). He also stated that it was the Commission's policy to not issue "certificates of non-involvement" (in the forestry sector) and that it was the role of the Director of

the Commission's Inquiry Unit to implement that policy. The Panel notes that many certificates of non-involvement were issued with the signature of the head of the Inquiry Unit during December 2007 (see annex XVIII).

Bid evaluation and due diligence

162. FDA has initiated the process for the tender and evaluation of commercial logging concessions. On 23 January 2008, it issued an invitation to companies pre-qualified in the timber sales contract category (small concessions of 5,000 hectares) regarding the first six contracts. On 29 February 2008, bids were opened in accordance with the Public Procurement and Concessions Act. Thus, there were no conclusions on qualification, disqualification or award of contracts at the time of bid opening. Three companies made a total of eight bids: four areas had only one bid each, while two areas received two bids each. An undisclosed reserve bid was necessary only in the cases of the two timber sales contracts in which two bids were received. Table 13 summarizes the highest bids for each timber sales contract in the initial bids as well as in the second round of bids for the two contracts for which initial bids did not meet the reserve bid. After the second round of bidding, the highest bids for timber sales contracts A6 and A9 both increased to $20 per hectare. This increase should result in an additional $420,000 in land rental revenue over the next three years of the life of both contracts.

Table 13
Results of timber sales contract bidding, 29 February 2008

Contract	*First-round bid*	*Second-round bid*	*Winning bid*	*Highest bid met or exceeded reserve bid*
	(United States dollars per hectare)			
A2	5.00		5.00 (by Tarpeh)	Yes
A3	5.00		5.00 (by Tarpeh)	Yes
A6	6.03	20.00 (by B&V) 9.19 (by Bargor & Bargor)	20.00 (by B&V)	Yes
A7	1.91		1.91 (by Bargor & Bargor)	Yes
A9	6.00	20.00 (by B&V) 15.25 (by Bargor & Bargor)	20.00 (by B&V)	Yes
A10	6.01		6.01 (by B&V)	Yes

163. FDA established the bid evaluation panel required by the National Forestry Reform Law. That panel completed its review of the bid documents and forwarded a report to FDA, which then proceeded to conduct due diligence. FDA and the Governance and Economic Management Assistance Programme controller completed due diligence on 29 April 2008 and FDA forwarded a recommendation to the Inter-Ministerial Concessions Committee to proceed with the awarding of the six timber sales contracts to three companies.

164. On 4 March 2008, FDA tendered three forest management contracts. The bid deadline was 18 April 2008 and the bid opening took place on 21 April 2008. Ten companies submitted a total of 13 bids: seven companies bid on a larger forest management contract, while three companies bid on each of the two small contracts (see annex XIX). The bid evaluation panel is now examining the files and FDA has

begun the due-diligence process. FDA reported that it was attempting to apply lessons learned from the timber sales contract evaluation to the current round of evaluations of the forest management contract bids.

165. Technical advisers and experts have expressed concern that the bids may be unrealistically high. For example, under a 50,000-hectare forest management contract a company would have to pay $1.25 million in land rental each year given a bid of $25 per hectare per year. At these rates, there may be increased pressure to overharvest to pay for the high land rental price, to not follow sustainable forest management practices, or to "cut and run" before the 25 years of the contract are up. Technical assistants to FDA have repeatedly emphasized the need for general training within FDA, industry and civil society on topics of forest valuation and forest economics. This type of training could remedy some of the speculation by bidders. FDA will have to provide strong enforcement and ensure that the company has assets that can be recovered in case of non-payment, in order to counteract those strong pressures.

166. The Panel conducted a review of a random sample of company files submitted for pre-qualification and due diligence. The Panel reviewed all documents provided for the sample and observed that it was common practice among many of the responding bidders to not fully disclose the true ownership of the bidding company. In those cases, unidentified owners account for a certain percentage (between 20 and 90 per cent on some bid documents) or the owners are identified as other companies whose ownership is unknown. Many companies also stated very large dollar amounts for their capital investment, with one bidder stating its commitment to invest $125 million.

167. On the basis of discussions with those involved, the Panel feels that the due diligence process for the three companies that bid in the first round of six timber sales contracts was completed satisfactorily, with two exceptions. The financing agent for two of the bidders, a company known as Tropical Reserve Entrepreneur Enterprises, was not scrutinized under due diligence even though a review of the company's bank records indicated that its capital came from other sources. The third bidding company has nearly 100 per cent financial backing from Eco Timber, a company owned 100 per cent by a foreign company, which raises questions about Liberian ownership. However, FDA is working closely with companies to ensure that all appropriate documentation is submitted and verified. This approach should address many of these concerns, as should the fact that the chain-of-custody contract should ensure that transfer pricing and underreporting do not occur.

168. In the large forest management contract category, the Panel saw that there were several highly experienced bidders within the sample selection. Substantial due diligence must still be done, as most are corporate entities or in affiliation with corporate entities with unknown ownership and financial questions. For example, one bidder listed a single person with 60 per cent ownership, which, as defined by FDA regulations, would qualify as a "significant individual" and thus require due diligence. The sample reviewed for the small forest management contract group probably caused the most concern. It included bidders with unidentified owners; bidders with no experience in the logging business; 100 per cent foreign-owned companies (the National Forestry Reform Law requires that the companies bidding on small forest management contracts, those of 50,000 to 99,999 hectares, are at least 51 per cent Liberian-owned); and companies that existed prior to 2003 and

were included in the 2005 concession review process. Thus, even though the investment amounts are much smaller than in the large forest management contract category, these factors indicate that FDA should ensure that due diligence is equally thorough in this category.

Other concerns regarding process and procedures

169. The timelines for progress on issuance of forest management contracts is unclear. There are various timelines in different documents. For example, the poverty reduction strategy refers to the allocation of up to 2.5 million hectares of forest through timber sales contracts, forest management contracts and private use contracts during the period from 2008 to 2011. The SGS contract contains a detailed schedule for the allocation of 1.975 million hectares under timber sales contracts and forest management contracts between 2007 and 2011 (see annex XIX). A more recent summary presented by the Managing Director to the FDA Board of Directors outlined 12 additional forest management contracts to be allocated by January 2009 (see annex XXI). Timelines on the 12 individual concession maps in that document indicate the allotment of very short periods for complex tasks, including 10 days for bid evaluation and due diligence and 10 to 11 days for contract negotiation (see annex XXII). The Managing Director informed the Panel on 16 May 2008 that the summary was purely a planning activity.

170. These timelines are of concern for a number of reasons. Both logging companies and forestry experts have informed the Panel that they already have concerns about the quality of the inventory data in the bid documents. For example, one company informed the Panel that it had found many errors in the inventory data for one forest management contract when doing its own field assessment, and the owner of another company concurred that there were problems with the data. This type of situation is problematic, as bid documents are the basis upon which companies make decisions about bid prices and whether to submit bids. If inventory is poor, competitive and responsible companies may not apply. According to the Forestry Coordinator from the World Bank, unreliable inventory work has four implications: it is difficult or impossible to establish the reserve bid price; the prospectus is misleading to investors; performance bonds are incorrectly calculated (perhaps by a factor of 10); and the volumetric basis underlying socio-economic agreements is undermined. The former United States Forest Service adviser has recommended that a full review of the contract preparation and bid documents be completed and lessons learned incorporated before additional bids are tendered. This step will help Liberia attract responsible forward-thinking companies in the future for larger, long-term contracts.

171. A separate concern involves potential conflicts related to land ownership and due process. The National Forestry Reform Law prohibits the awarding of timber sales contracts and forest management contracts on private land. A community group in Gbarpolu County wrote to the Managing Director of FDA on 19 April 2008 asking for documentation related to the issuance of one forest management contract and one timber sales contract (see annex XXIII). In that letter, the group noted that a portion of one awarded timber sales contract and all of one tendered forest management contract overlapped with areas in Bokumu and Geu-Nwolaila districts, Gbarpolu County (see annex XXIV). The community group claimed that the entire land area of those districts was under deed and said that it was thus writing to the Managing Director to ensure that FDA had followed due process. The Managing

Director met with the community group on 12 May 2008, but FDA had not provided it with the requested documentation as at 20 May 2008.

C. Other commercial forestry activities

172. In addition to implementing the process for awarding commercial logging concessions, FDA has had to address two other commercial forestry activities: the sale of abandoned logs and the regulation of logging activities on rubber plantations and private rubber farms. The Panel notes that there have been a number of changes in senior management decisions related to both commercial activities and that this has contributed to confusion. These cases are summarized below.

Abandoned logs

173. FDA regulation 108-07 establishes a general framework for the auction of abandoned logs and timber. The Government is required to identify and relocate such logs, and it then requests the county courts to auction them. The auction winner may take possession of the logs only after payment of the requisite auction price, and stumpage fees in the case of logs, to the Central Bank of Liberia and presentation of the proof of payment to the county court.

174. In December 2007, FDA wrote to relevant county courts to ask them to conduct auctions of abandoned logs that FDA claims date from the period prior to the lifting of sanctions. Two auctions were announced and held in December 2007, in Sanniquellie, Nimba County, and Buchanan, Grand Bassa County. Four more auctions were held in March 2008. While the first two auctions were won by the company Unitimber, the Panel does not yet have complete information on the outcome of the four auctions held in March.

175. Both initial auctions were held with very short public notice. For example, the Buchanan auction was advertised on 27 December 2007 and took place on 31 December 2007; the Sanniquellie auction was held on 28 December 2007. On 16 May 2008, the Managing Director of FDA informed the Panel that FDA had requested the postponement of some of the other auctions, as adequate time was not given.

176. SGS has informed the Panel that it will not enter the abandoned logs into the chain-of-custody system, as its contract does not cover logs cut prior to the date of the contract; it cannot verify the source of the logs; and it cannot ensure traceability. This situation poses certain challenges for FDA. In February 2008, FDA originally intended to allow the export of the abandoned logs. However, the Board of Directors decided on 28 February 2008 that the abandoned logs should be consumed only locally, according to a copy of a letter sent by the FDA Managing Director to the Sanniquellie county court on 6 March 2008. FDA later reversed that decision, as detailed in a follow-up letter of 4 April 2008.

177. Companies were not initially required to pay stumpage fees. A letter date 21 January 2008 from the Grand Bassa County circuit court judge to FDA notes that Unitimber won the auction for 3,897 m^3 (1,123 logs) at a price of $15.81 per m^3 (see annex XXV). That letter refers to Ecobank manager's cheque No. 0011115 in the amount of $61,616.37. A response from the Managing Director of FDA stated that it considered all fees paid and that Unitimber had the right to take possession of the

logs (see annex XXVI). In discussions with senior FDA managers in March and April 2008, the Panel noted that their interpretation of the regulation was that no stumpage fees were required if the wood was to be processed in country, although FDA regulation 108-07, part five, requires the payment of such fees, without mention made of export. However, the Panel takes note that after this error was brought to the attention of the Managing Director, FDA began to assess stumpage fees on abandoned logs, even retroactively.

178. However, while FDA is now charging stumpage fees, it is classifying all abandoned logs as class C, the lowest category in terms of price and stumpage fee payments. This approach includes those logs in Buchanan, which are all ekki, or *Lophira alata*, a very resistant hardwood used in marine construction that does not degrade quickly. According to schedule I of FDA regulation 107-07, this species is class A, which requires a stumpage fee payment of 10 per cent of the market value. The difference in revenues for the State is significant, as evident in table 14, which compares the class C and class A revenues derived from the market value price established by FDA for ekki.

Table 14
Comparison of stumpage fees on auctioned ekki wood (3,897.304 m^3) in Buchanan
(United States dollars)

Organization	*Market price (per m^3)*	*Total value*	*2.5 per cent stumpage*	*10 per cent stumpage*
FDA	137	533 930.65	13 348.27	53 393.07
ITTO (BC/C grade (low))	190.20	741 267.22	18 531.68	74 126.72
ITTO (LM grade (high))	261.91	1 020 742.89	25 518.57	102 074.29

Source: FDA and ITTO. ITTO figures converted from euros at a rate of 1.559 dollars to the euro.

179. The table also compares these figures to low- and high-value market figures for West African ekki log prices from the International Tropical Timber Organization (ITTO) Tropical Timber Market Report of 1-15 May (vol. 13, No. 9). The 2.5 per cent stumpage fee of $137 per m^3 for 3,897 m^3 results in just over $13,348 in revenue for the State, compared to $53,393 for the 10 per cent fees. The revenue losses would be even greater if FDA used ITTO market values instead of its own; even the lower grade of BC/C would result in significantly higher revenues, especially if the correct stumpage rate were applied. The revenues could have been as high as $74,130.62, or even $102,074 using ITTO prices and a 10 per cent stumpage rate.

180. The Panel visited the Buchanan port area on 9 May 2008 and noted that there were 1,385 logs marked and prepared for export (see annex XXVII). FDA employees in Buchanan stated that they had been informed by company officials that the company had identified excess logs amounting to over 6,000 m^3 and had paid for them, and that an employee from FDA in Monrovia had confirmed that sale. On the same day, the Panel also spoke with Judge Holt of the county court in Buchanan, who stated that he had not been present in Buchanan on the date of the auction. However, he said that under the terms of an auction the company with the winning bid had a right only to the number and volume of logs actually auctioned.

181. The Panel confirmed the outright sale of the excess abandoned logs with the FDA Managing Director and commercial forestry staff in Monrovia on 16 May 2008. They stated that the logs had been poorly scaled and that they had decided to sell the remainder of them to Unitimber without any further auction when Unitimber informed FDA about the excess logs (see annex XXIII). FDA issued an invoice on 7 May 2008 for $130,461.60 (see annex XIX) and Unitimber paid the total amount on 8 May 2008. The Panel notes that this sale of 6,088.56 m^3 of ekki wood without an auction does not conform to regulation 108-07. Additionally, the sale of the logs by FDA at the original low auction price of $15.81 per m^3 has netted the Government only $96,260.14 for wood that is potentially worth $834,132 (at the FDA price of $137 per m^3) to $1.595 million (at the ITTO LM grade price of $261.91 per m^3) on the world market.

182. The Panel also takes note that this volume of wood exceeds that of all four March 2008 auctions, which totalled just over 5,815 m^3. Table 15 provides calculations similar to those shown in table 14, but compares the potential revenues from the total sale using the FDA market value and a 2.5 per cent stumpage rate through to the ITTO high grade and 10 per cent stumpage rate. The potential revenue differences based on different market values and stumpage rates is significant: $34,201.60, as invoiced by FDA, compared to a minimum of $135,806 if FDA had used the 10 per cent stumpage rate, or to approximately $261,539 for the higher LM grade price and 10 per cent stumpage rate.

Table 15
Comparison of stumpage fees on total volume of ekki wood (9,985.864 m^3) in Buchanan
(United States dollars)

Organization	*Market price (per m^3)*	*Total value*	*2.5 per cent stumpage*	*10 per cent stumpage*
FDA	137	1 368 063.37	34 201.60	136 806.34
ITTO (BC/C grade (low))	190.20	1 899 311.33	47 482.78	189 931.13
ITTO (LM grade (high))	261.91	2 615 397.64	65 384.94	261 539.76

183. On 21 May 2008, the Panel was informed by an employee of Maersk that that company acted as a shipping agent for Safmarine, which had been approached about an export of abandoned logs from Buchanan. While the specific shipment is for only 1,305 m^3 of logs, the export permit from FDA states that Unitimber has met all legal obligations to export 9,985 m^3 of logs. Maersk is in the process of conducting due diligence and is concerned about the legality of a shipment without the appropriate chain-of-custody documentation.

Rubberwood

184. Chapter 2 of the National Forestry Reform Law states that the "prospection, use, transport, processing, trade and export of all forest resources and forest products are subject to this Law". The Law also contains various provisions for the collection of fees in section 14, including stumpage fees, which are those related to the harvesting of forest resources. With regard to private use permits, section 5.7 (c) states that on private lands where forest resources have been artificially regenerated,

FDA shall reduce the stumpage fees by 50 per cent. FDA regulation 107-07 also stipulates that any person felling a tree shall pay to the Government a log stumpage fee based on the volume harvested, and that the stumpage fees on private land where trees have been artificially regenerated shall be reduced by half.

185. Various companies have begun to fell, transport and process rubberwood for commercial purposes. These include a British company, G4 WAO, which seeks to export rubberwood to the United Kingdom of Great Britain and Northern Ireland for biofuel and has felled trees at a private farm in Bong County; Firestone, which is building a wood processing facility at its rubber plantation in Harbel; and Buchanan Renewable Energy, which is in the process of chipping rubberwood in Grand Bassa County (see annex XXX).

186. SGS informed the Panel in late February that it was making enquiries about the rubberwood at the port of Monrovia, as it had not been informed of this activity. SGS has been working with G4 WAO since early March 2008 to ensure that this rubberwood is processed through the chain-of-custody system. During a visit to the private rubber plantation in Bong County in April 2008, G4 WAO informed SGS and the Panel that the company had felled over 1,500 m^3 of rubberwood and had done so with the approval of FDA officials. FDA issued an invoice to G4 WAO on 1 April 2008 for export fees (see annex XXXI), although this task is now the responsibility of SGS under the terms of its contract.

187. It is the position of FDA that stumpage should not be charged on the felling of rubberwood. The Managing Director of FDA informed the Panel on 16 May 2008 that the Board of Directors would revise its regulation to exclude the payment of stumpage fees on rubberwood.

Debarment of logging companies

188. The Forest Concession Review Committee recommended debarment of a number of companies. The Public Procurement and Concessions Commission has informed the Panel that it is currently developing procedures to deal with debarment but considers past forestry issues beyond its mandate. FDA has not yet responded to a request from the Panel for information about its policy and implementation strategy on this issue.

D. General assessment of implementation

189. The Panel takes note that the Managing Director and staff of FDA are navigating between competing pressures, facing demands that the logging sector be reactivated quickly and at the same time having to ensure that logging concessions are granted according to the spirit and letter of the National Forestry Reform Law, while also being cognizant of the broader context of land ownership and community rights.

190. The Panel's overall concern with the current situation is that the Government's need to start logging and gain income from the forestry sector may interfere with the obligation of FDA to implement the National Forestry Reform Law and its regulations in a coherent and systematic manner. With the rainy season about to begin, it would be prudent for FDA to review its internal procedures to ensure that it

undertakes the appropriate planning process for each activity and that it ensures that it has the necessary capacity to carry out the work.

191. It is not clear that FDA senior management has fundamentally understood the principles of the National Forestry Reform Law and what is required to ensure effective implementation. Some interlocutors, including resident technical advisers on forestry, have stressed the need for a more robust management system, and the World Bank hopes to develop a proposal to provide management training assistance to FDA.

192. The high level of discretion being used by senior FDA management in implementation of some aspects of the National Forestry Reform Law and FDA regulations is of concern. Decisions to sell abandoned logs without auction and the initial non-charging of stumpage fees (and later charging of lower rates) are clear violations of the law, resulting in lost revenues for the State.

X. Conclusion and recommendations

193. The Panel has a number of recommendations related to all the tasks assigned to it by the Security Council. These recommendations are targeted at both the Government of Liberia, and its various ministries and agencies, and the international community of donors and United Nations Member States.

A. Arms and security

194. The Ministry of Justice should urgently resolve the uncertainty surrounding the status of its firearms-control policy and legislation by fast-tracking the necessary amendments to existing legislation.

195. The Government of Liberia, particularly its SSS, should urgently make the necessary arrangements to mark the firearms received from China and the United States of America, and formally notify the sanctions Committee that these steps have been taken in accordance with Security Council resolution 1683 (2006).

196. Security Council resolution 1683 (2006) requires the Government of Liberia to mark all weapons and ammunition received under exemptions from the arms embargo. The sanctions Committee should clearly stipulate the manner in which arms and ammunition are to be marked, as no standardized approach is currently employed in Liberia. The marking of weapons and ammunition boxes or cases is possible with unsophisticated equipment. However, it is possible to permanently mark ammunition post-assembly only by means of a laser marking process (technology developed by Companhia Brasileira de Cartuchos, a Brazilian ammunition manufacturer). The practical and cost-effective recommendation is that all ammunition transferred to the Government of Liberia under exemptions from the embargo should be appropriately marked during the manufacturing stage; and in the case of donated ammunition, it should have markings that can easily be identified as Liberia-specific.

197. The United States Embassy in Monrovia should permit the UNMIL Firearm Inspection Team to periodically inspect the arms, ammunition and equipment that

have been transferred to Liberia under exemptions from the arms embargo (in order to comply with Security Council resolution 1683 (2006)).

198. Member States granted exemptions from the arms embargo should, in accordance with Security Council resolution 1792 (2007), duly notify both the sanctions Committee and UNMIL of the arrival date, point of entry and mode of transport of future deliveries of items under exceptions to the arms embargo.

199. The Government of Liberia, particularly LNP and SSS, must ensure that those officers that are required to carry firearms are appropriately trained and vetted.

200. Border control officials, especially LNP and BIN representatives, should be provided with improved training, as well as resources, such as transport and communications equipment, to enable them to provide more effective border monitoring and protection.

B. Travel ban

201. BIN, as a matter of urgency, should provide for the safe storage of the passenger ledgers at Roberts International Airport.

202. BIN, as a matter of urgency, should introduce the necessary quality-control processes at Roberts International Airport with respect to the recording of passenger data.

203. Member States should provide the sanctions Committee with complete and up-to-date information (including photographs) of all individuals on the travel ban list.

204. The Government of Liberia should design and implement a strategy of presenting and distributing the list throughout Liberia that would contribute to the more effective implementation of the travel ban.

C. Assets freeze

205. The assets freeze mandate in Liberia is achievable, as is a multi-country search and freeze of assets. To ensure success, it is the Panel's opinion that a review of the Security Council assets freeze list must be undertaken and the names modified, with more emphasis placed on the parties related to Charles Taylor and the inclusion of individuals that have served or are serving as alter egos for him, or have been unjustly enriched. A complete revision of the business listed is also warranted so that the list will be more reflective of companies that received moneys.

206. It is the Panel's opinion that with a strong team of technical experts assisting Liberia, the asset identification process and subsequent freezing can be improved.

D. Diamonds

207. The Minister of Lands, Mines and Energy must ensure that all staff members are aware of the importance of the Kimberley Process system and Liberian law. There should be no tolerance for exceptions to or inconsistent application of the Law.

208. The Government Diamond Office must develop more comprehensive operating procedures to ensure that all staff members understand their role and responsibilities within the system and to ensure that the system of internal controls is followed. These procedures can assist in addressing the issue of discretionary decision-making that threatens the integrity of the system.

209. The Ministry of Lands, Mines and Energy should re-evaluate the location and functioning of the Regional Diamond Offices and determine whether to build in the locations where containers cannot be placed, as it is important to have an appropriate presence across the country. This step should include the establishment of an office for the Sinoe mining area.

210. The Ministry should re-evaluate the role of the regional officers and their place within the broader Ministry structure. The regional officers are often underutilized and could be more proactive in sensitization and awareness-raising work. They could also be more effectively integrated within the broader structure of the Ministry and work more effectively with other employees, such as mining agents, inspectors and patrolmen.

211. The Ministry should also ensure that there is close collaboration and harmonization between the Bureau of Mines, the Liberian Geological Survey and the Government Diamond Office.

212. Given the Ministry's use of an independent diamond valuator to assess the value of rough diamonds, it is essential that the Government of Liberia conclude its negotiations for the contract.

213. As it will likely take time and effort to rechannel existing buying networks into the new system, the Ministry should undertake more sensitization activities in an effort to inform miners and brokers of the benefits of participating in the scheme — and the risks of doing otherwise. Brokers and dealers can be important partners if they make it clear they will buy only legal stones and finance only miners who hold licences.

214. Deterrence is the other part of the equation — enforcement efforts are needed to tackle illicit mining activities and diamonds being smuggled to other countries. The Ministry needs to collaborate more closely with other relevant Government ministries (for example, the Anti-Smuggling Unit in the Ministry of Finance), LNP and United Nations police to increase law enforcement efforts in mining areas and at border crossings. Towards this end, more targeted activities to raise awareness and increase the capacity of both LNP and border officials is warranted. This training is especially important in the areas bordering Côte d'Ivoire where diamonds are still subject to United Nations sanctions and cross-border smuggling of diamonds would prove problematic for Liberia's Kimberley Process system.

215. The Government of Liberia should engage the other countries in the region to address harmonization issues. This can be done through various forums, including the Mano River Union, the Kimberley Process Working Group on Artisanal Alluvial Production and the "Diamonds for development" programme in partnership with UNDP.

216. The Government of Liberia should request another Kimberley Process review visit within the next year given the significant challenges it faces in implementation.

217. Donors should continue to support the Government of Liberia through funding and technical assistance to ensure that the progress of Liberia in implementation of the Kimberley Process system continues and improves.

218. The Kimberley Process and relevant Working Groups should undertake internal discussions on how best to handle problematic or suspicious shipments, such as those made without certificates.

E. Forestry

219. The Government should make a decision about the outstanding recommendation of the third-phase Forest Concession Review Committee and the pre-qualification panel regarding debarment of logging companies.

220. FDA management must ensure that its staff understand the content of the National Forestry Reform Law and implement it and the FDA regulations appropriately.

221. FDA should ensure that it conducts adequate due diligence and that bidding companies follow appropriate application protocols and not provide inaccurate information on capital and equipment.

222. FDA should obtain legal opinions on key issues prior to pursuing a certain route. It should also explore developing a working relationship with the Ministry of Justice through which assistance to the FDA legal counsel could be provided.

223. FDA should consider expanding its enforcement capacity. As commercial logging operations begin, FDA needs to ensure that it has the resources to monitor those activities.

224. FDA must ensure that it works collaboratively with communities to ensure that the potential for land tenure disputes is minimized.

225. The Liberia Forest Initiative should establish benchmarks against which it can evaluate the willingness and capacity of FDA to implement the new legal framework to help it determine where funding needs may be required.

226. Donors should identify management training as a priority area for funding.

227. Donors should identify the FDA core enforcement capacity as an area that needs to be encouraged, supported and funded, as it is a fundamental component of implementation.

Annex I

Meetings and consultations

Belgium

European Commission

Canada

Department of Foreign Affairs and International Trade, Natural Resources Canada

India

Department of Commerce, Gem and Jewellery Export Promotion Council, Ministry of External Affairs

Liberia

Government

Bureau of Immigration and Naturalization, Forestry Development Authority, General Auditing Commission, Governance Commission, Liberian Geological Survey, Liberian National Police, Ministry of Agriculture, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Lands, Mines and Energy, National Security Agency, Public Procurement and Concessions Commission, Special Security Service, Truth and Reconciliation Commission, county and district officials

Bilateral and multilateral

Embassy of the United States of America, United Nations Development Programme, World Bank, Kaseman, United Nations Mission in Liberia

Non-governmental organizations, community groups and private sector

American Mining Associates, AnaWoods, Association of Liberian Loggers, Avargo International, Faith Incorporated, Franbrook (Lib) Inc., G4 West Africa Operations, Green Advocates, Italgems, Jungle Waters Investment, Société Générale de Surveillance, Sustainable Development Institute, Gold and Diamond Brokers Association, Landmine Action, Liberia Tree and Trading Corporation, Royal Company, Subsea Resources DMCC Inc., Youth Development and Construction Agency (Greenville), Citizens' Welfare Committee (Sinoe Rubber Plantation), Prosecutor of the Special Court for Sierra Leone

United Kingdom of Great Britain and Northern Ireland

Department for International Development, Foreign and Commonwealth Office, Global Witness, Royal Institute for International Affairs

United States of America

State Department, Treasury Department

Annex II

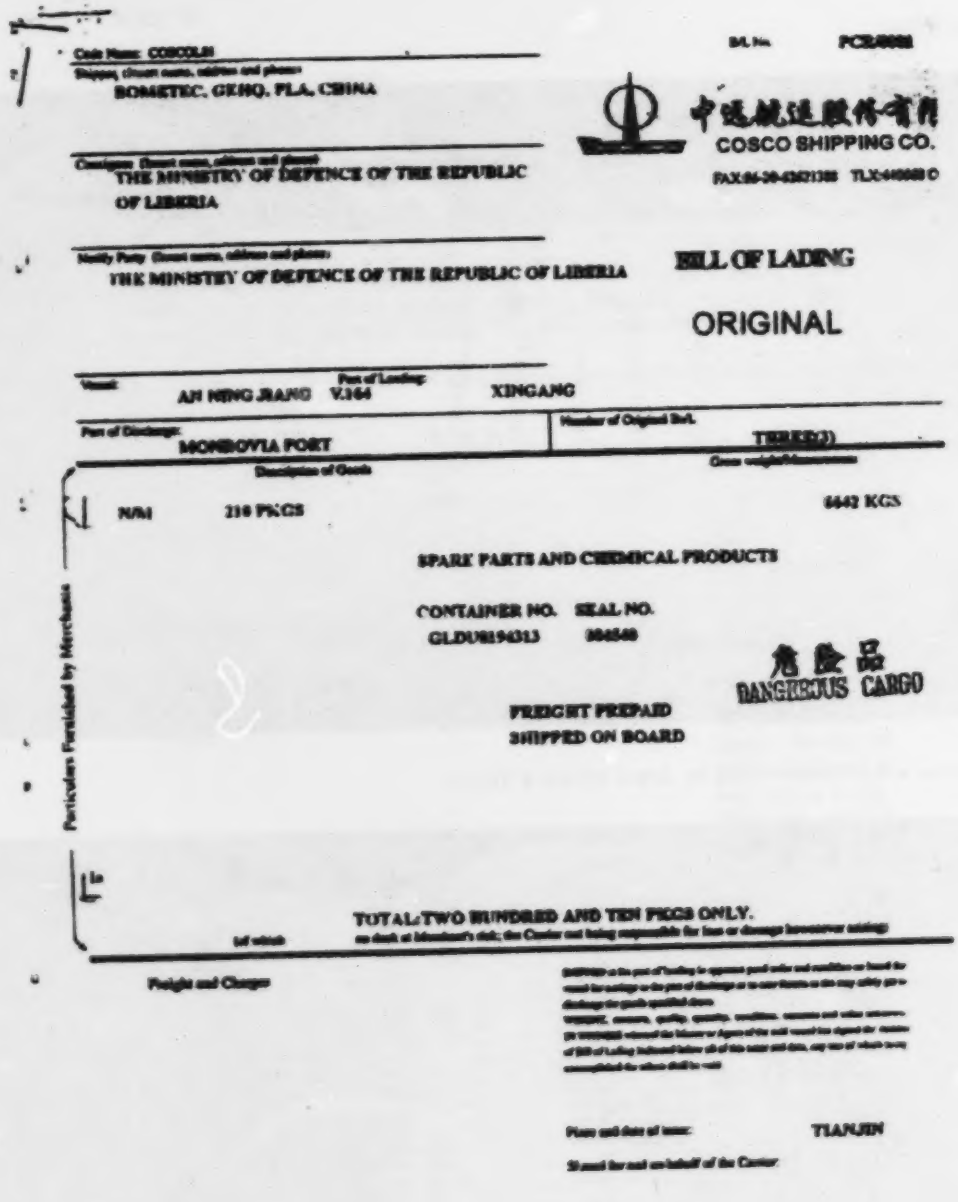
List of arms, ammunition and equipment approved as part of the exemption of 23 January 2008

Weapons, Ammunition & Accessories for Training and Equipping the Emergency Response Unit of the Liberian National Police

[illegible]	
Smith and Wesson M&P, Semi Automatic Pistol Polymer Frame 9mm caliber 15 round magazine	420
Bushmaster M4A3 Government Carbine, Semi Automatic Rifle 5.56mm caliber 30 or 39 round magazine	300
Bushmaster Carbon 15, Semi Automatic Carbine 9mm caliber 30 Round magazine	75
Mossberg 500, Pump action shotgun 12 gauge 6 round magazine	100
Defiance Technology, Tear Gas Launcher 37mm caliber Single shot	12
[illegible]	
9mm Caliber Full Metal Jacket	175,000 rounds
5.56mm Caliber Full Metal Jacket	84,000 rounds
12 gauge Slugs	11,000 rounds
12 gauge 00 Buckshot	9,000 rounds
Practice (inert) 37mm gas grenades	120
[illegible]	
9mm Caliber Full Metal Jacket	60,000 rounds
5.56mm Caliber Full Metal Jacket	60,000 rounds
12 gauge Slugs	5,000 rounds
12 gauge 00 Buckshot	5,000 rounds
37mm gas grenades	120
[illegible]	
B-27 Silhouette Targets	2500
Center Ripple Targets	2500
Eye Protection Goggles	50
Ear Protection – Muffs	50
Ear Protection – Soft Plugs	2000
[illegible]	
UHF Base station	1
UHF Repeater	2
UHF Mobile (Vehicle) Radios	30
UHF Handheld Radios	125
Power Accessories	1
VHF/AM Receivers	30
[illegible]	
Battle Dress Utility (BDU) Top	2
BDU Trousers	2
BDU Cap	1
Garrison Belt	1
Gun belt	1
Belt keepers	4
Pistol Holster, Single retention	1
Tactical Load Bearing Vests	1
Body Armor, Level III-A protection	1
Ballistic Helmet	1
Gas mask for protection from CS, CN tear gas and Oleoresin Capsicum (OC) "Pepper Spray"	1
Gas mask canish	1
Oleoresin Capsicum (OC) "Pepper Spray"	1
O.C. Holster	1
Extendable Baton	1
Baton Holder	1
Upper body protection for Crowd Control	1
Knee and Shin Guard protection for Crowd Control	1
Riot Shield	1
Ballistic Helmet Face Shield	1

Annex III

Shipment from China to the Special Security Service



Code Name: COSCOLSI

Shipper (Insert name, address and phone)
BOMETEC, GEHQ, PLA, CHINA

B/L No. PCB40088

中远航运股份有限公司
COSCO SHIPPING CO.
FAX:86-10-65921388 TLX:440088 C

Consignee (Insert name, address and phone)
THE MINISTRY OF DEFENCE OF THE REPUBLIC OF LIBERIA

Notify Party (Insert name, address and phone)
THE MINISTRY OF DEFENCE OF THE REPUBLIC OF LIBERIA

BILL OF LADING

ORIGINAL

Vessel: AN NING JIANG V.164 Port of Loading: XINGANG

Port of Discharge: MONROVIA PORT

Number of Original B/L: THREE(3)

Particulars Furnished by Merchants

Description of Goods

Gross weight/Measurement

N/M 210 PKGS 6642 KGS

SPARK PARTS AND CHEMICAL PRODUCTS

CONTAINER NO. SEAL NO.
GLDU8194313 886540

危险品
DANGEROUS CARGO

FREIGHT PREPAID
SHIPPED ON BOARD

TOTAL:TWO HUNDRED AND TEN PKGS ONLY.

Freight and Charges

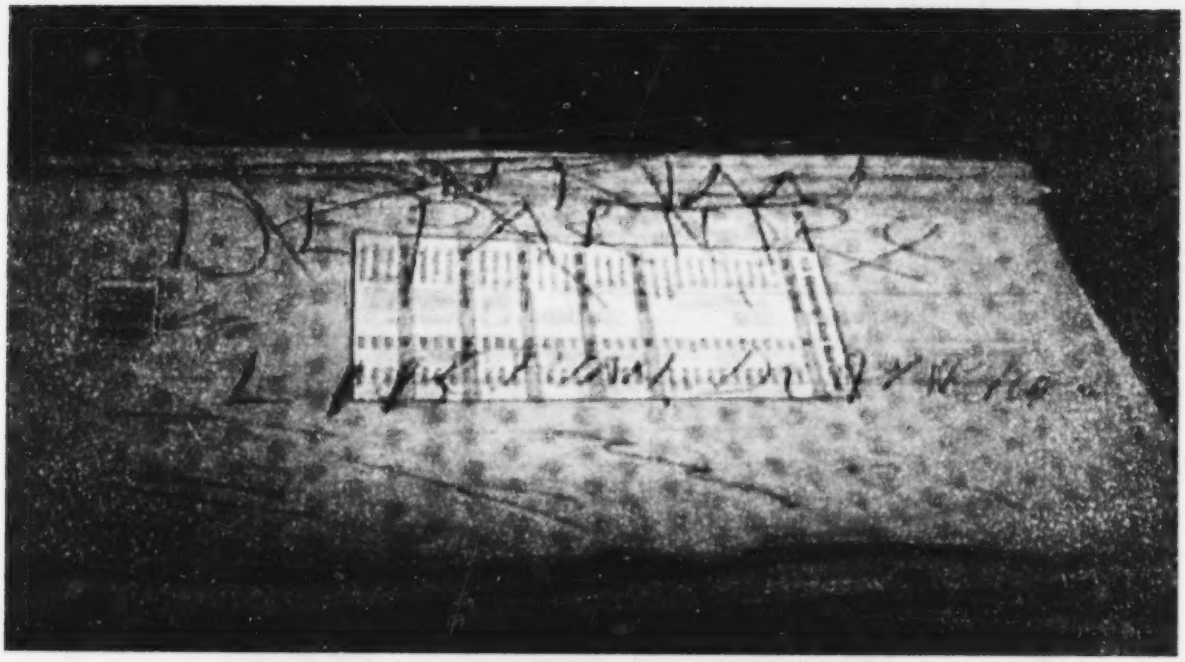
Place and date of issue: TIANJIN

Signed for and on behalf of the Carrier

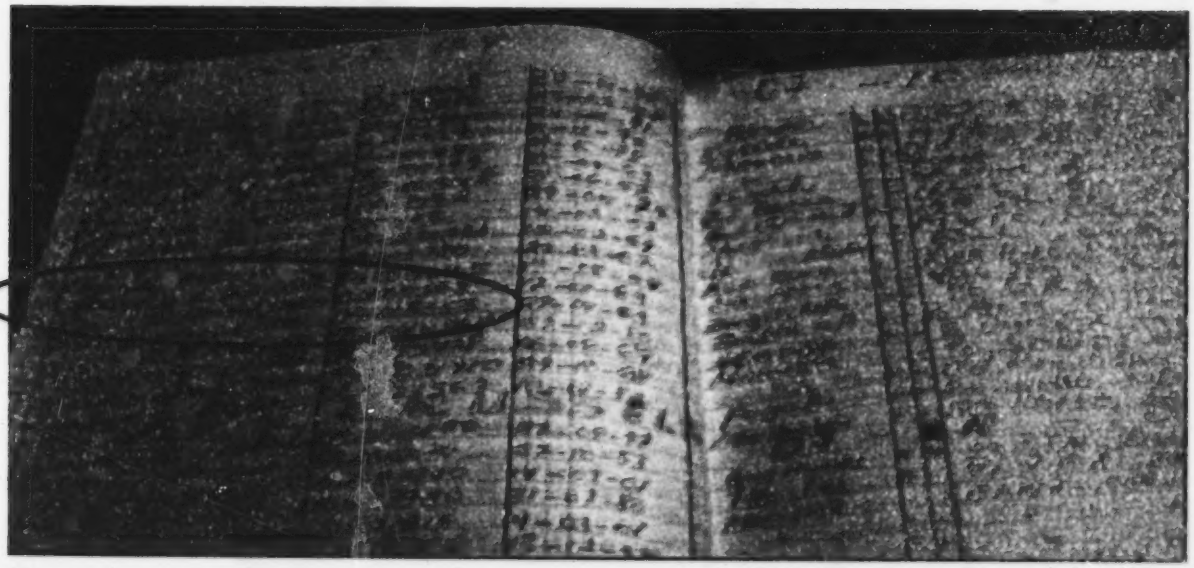
Annex IV

2007 passenger departure ledger (Liberians), Roberts International Airport

A. Cover of ledger



B. Page showing travel undertaken by Jewel Howard Taylor



Annex V

Letter from former Minister Charles Bright, 30 May 2003

30 May 03

The Honourable
The Minister of Foreign Affairs
The Ministry of Foreign Affairs
MONROVIA

Mr. Minister:

Compliments.

This is to acknowledge receipt of your letter MFA/0755/2-17/'03 under signature of Hon. Tambakai A. Jangaba, Acting Minister, regarding information relevant to accounts involving GOL tax payments identified by the United Nations Panel of experts.

The following provides explanation for authorized transfers of various amounts to the accounts mentioned:

Bank	Amount	Date	Remarks
1. Bank Diamantaire Anversois, Geneva, Switzerland	US$500,000.00	1999	Authorized payment by Oriented Timber Co. to vendor for purchase of one helicopter for GOL (Payment against taxes).
2. Hong Kong & Shanghai Banking Corp. Ltd. Shanghai	US$56,000.00	1999	Authorized payment by Oriented Timber Co. to vendor for freight charges for Police Uniforms & accessories. (Payment against taxes).
3. Barclays Bank PLC Jersey, JE4bNE	US$1,000,000.00	1999	Authorized payment by Oriented Timber Co. (against taxes) to vendor for GOL purchase of boat to patrol Liberia's fishing waters.

Bank	Amount	Date	Remarks
4. Nations Bank Florida, USA	US$91,468.00	1999	OTC - GOL authorized part payment (against taxes) to vendor towards purchase of uniforms.
5. Marine Midland Bank New York, USA	US$250,000.00	1999	OTC - GOL authorized payment (against taxes) for GOL accommodations bills due Hotel Africa
6. Bank of New York USA	US$602,532.00	1999	OTC - GOL authorized payment (against taxes) to vendor for Uniforms.
7. Bankers Trust New York, USA	US$1,000,000.00	2001	OTC payment of taxes due GOL to GOL account.
8. Citibank New York, USA	US$1,500,000.00	2001	OTC payment of taxes due GOL to GOL account.
9. Citibank NA	US$2,500,000.00	1999	OTC payment of taxes due GOL to GOL account.

Thank you and best regards.

Sincerely yours,

Charles R. Bright
MINISTER

Annex VI

Letter from Juanita Neal to John Teng, Oriental Timber Corporation, 11 July 1999

MINISTRY OF FINANCE
MONROVIA, LIBERIA

July 11, 1999

Mr. John Teng
General Manager
Oriental Timber Corporation
Grand Bassa County

Dear Mr. Teng:

RE: GOL TAX PAYMENT TRANSFER

You are hereby authorized to transfer the amount of US$1,000,000.00 against forestry related taxes to DUNRAVEN Holdings-ATS Ltd., a/c#85188799 USD, For Fred Rindel through:

Barclays Bank PLC
13, Library Place, St. Helier

Jersey, JE48NE

This amount is due in taxes to the Government of Liberia. Flag receipts will be issue your corporation as evidence of payment, as soon as acknowledgment is received from the bank.

Kind regards.

Very truly yours,

Juanita E. Neal

Deputy Minister/Revenue

Annex VII

Wire transfer from Borneo Jaya Pte to Barclays Bank, 16 July 1999

BankBoston

DEBIT ADVICE

DATE 16JUL99
ADVICE NO. 188708

BORNEO JAYA PTE LTD
10 ANSON ROAD
#27-14 INTERNATIONAL PLAZA
SINGAPORE 079903

TRANSACTION REF. P2854
WE DEBIT VALUE 16JUL99
YOUR US D ACCOUNT NUMBER 0120904

TRANSFER	US.D	1,000,000.00
COMMISSION		625.00
TELEX CHARGES		20.00
TOTAL		1,000,645.00
US.D		1,000,645.00

BARCLAYS BANK PLC
SWIFT BARCEGB2
HEAVEN HOLDINGS ATS LTD
C/O FRED RINDEL
CH 6497

FOR INTERNAL USE ONLY
ADVICE NO. 188708
CREDIT VALUE 16JUL99
US.D ACCOUNT NUMBER 00150004
DUE FRM FNBB BOSTON NON INT-ACU

CHECKED BY

Annex VIII

Letter from Juanita Neal to John Teng, 20 August 1999

REPUBLIC OF LIBERIA
MINISTRY OF FINANCE
MONROVIA, LIBERIA

August 20, 1999

Mr. John Teng
General Manager
Oriental Timber Corporation

Grand Bassa County

Dear Mr. Teng:

RE: GOL TAX PAYMENT TRANSFER

You are hereby authorized to transfer the amount of US$500,000.00 against forestry related taxes to Mr. Sanjivan Ruprah, US$ a/c#15462 through:

Banque Diamantaire Anversoise
12 Rue Bellot
Geneva - Switzerland

This amount is due in taxes to the Government of Liberia. Flag receipts will be issue your corporation as evidence of payment, as soon as acknowledgment is received from the bank.

Kind regards.

Very truly yours,

Juanita E. Neal
Deputy Minister/Revenue

Annex IX

Wire transfer from Borneo Jaya Pte to Sanjivan Ruprah's Swiss bank account, 26 August 1999

dcach Road
00 Gateway West
apore 189720

Telex: RS 23589 BOSTNBK
Cable: BOSTONBANK

DAU990851

CREDIT ADVICE

DATE 26AUG99
ADVICE NO. 188405

BORNEO JAYA PTE LTD
10 ANSON ROAD
#27-14 INTERNATIONAL PLAZA
SINGAPORE 079903

ADVICE NO. 188405
WE CREDIT VALUE 26AUG99
YOUR US.D ACCOUNT NUMBER 0530000

RECEIVED
30 AUG 1999

TRANSFER	US.D	500,000.00
COMMISSION		322.50
TELEX CHARGES		10.00
NET		500,322.50
US.D		500,322.50

JE DIAKANTAIBE ANVERSOISE

ANJIVAN RUPRAH

080851

FOR INTERNAL USE ONLY
ADVICE NO. 188405
CREDIT VALUE 26AUG99
US.D ACCOUNT NUMBER 00158000
DUE FRM FNBB BOSTON NON INT-ACU

CHECKED BY

rinted with limited liability in the USA

Annex X

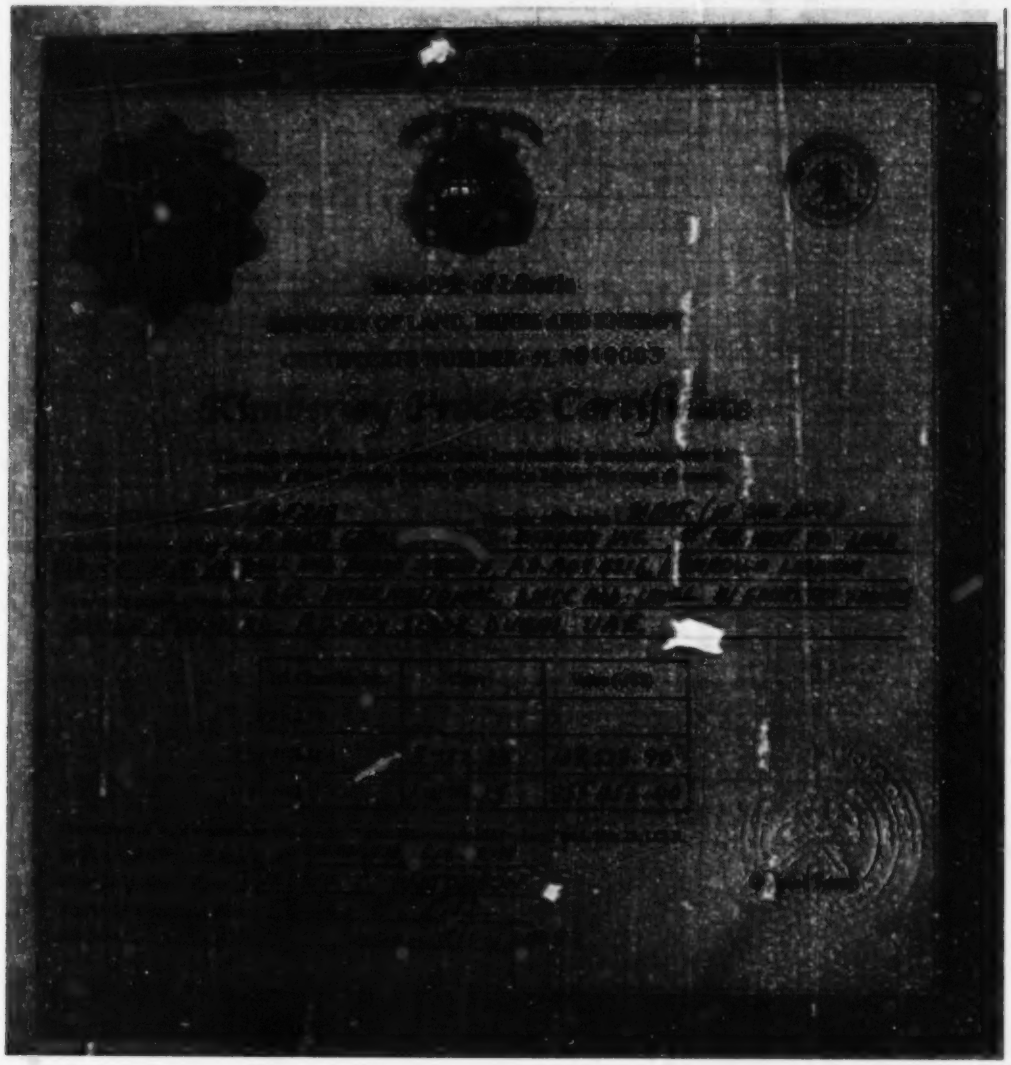
Number of class C diamond-mining licences by county and mining agency

County	Mining Agency	2007	2008
Bomi	Mecca	6	7
Bong	Weinsue	3	1
Gbarpolu	Weasua	30	31
Gbarpolu	Gbarma	30	19
Gbarpolu	Kumgbor	85	47
District 1, Grand Bassa	District 1	0	2
Grand Cape Mount	Camp Freeman	14	4
Grand Cape Mount	Varguah	23	51
Grand Cape Mount	Keita	11	8
Grand Cape Mount	Kewellehun	3	7
Grand Cape Mount	Bangorma	15	6
Montserrado	Bentol	4	1
Nimba	Sanniquellie	10	15
Nimba	Bahn	14	5
Nimba	Buotuo	1	4
Nimba	Gbarpa	5	5
Nimba	Ganta	3	1
Nimba	Rlantuo	7	4
Nimba	Yarpea	19	5
Nimba	Tappita	2	3
Sinoe	Sanquin	2	6
Total		287	232

Source: Bureau of Mines, Ministry of Lands, Mines and Energy.

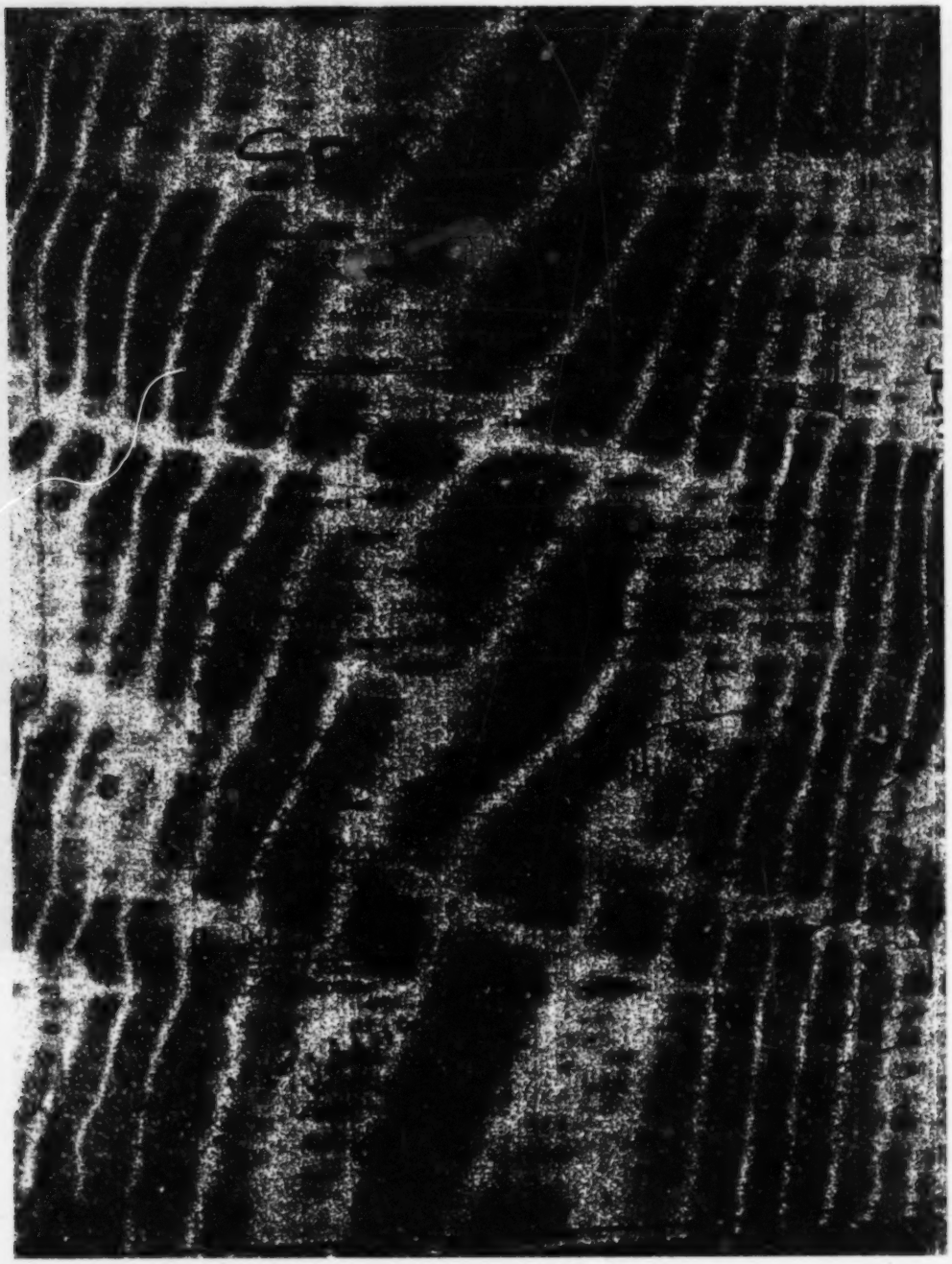
Annex XI

Kimberley Process certificate RL01003, 10 October 2007



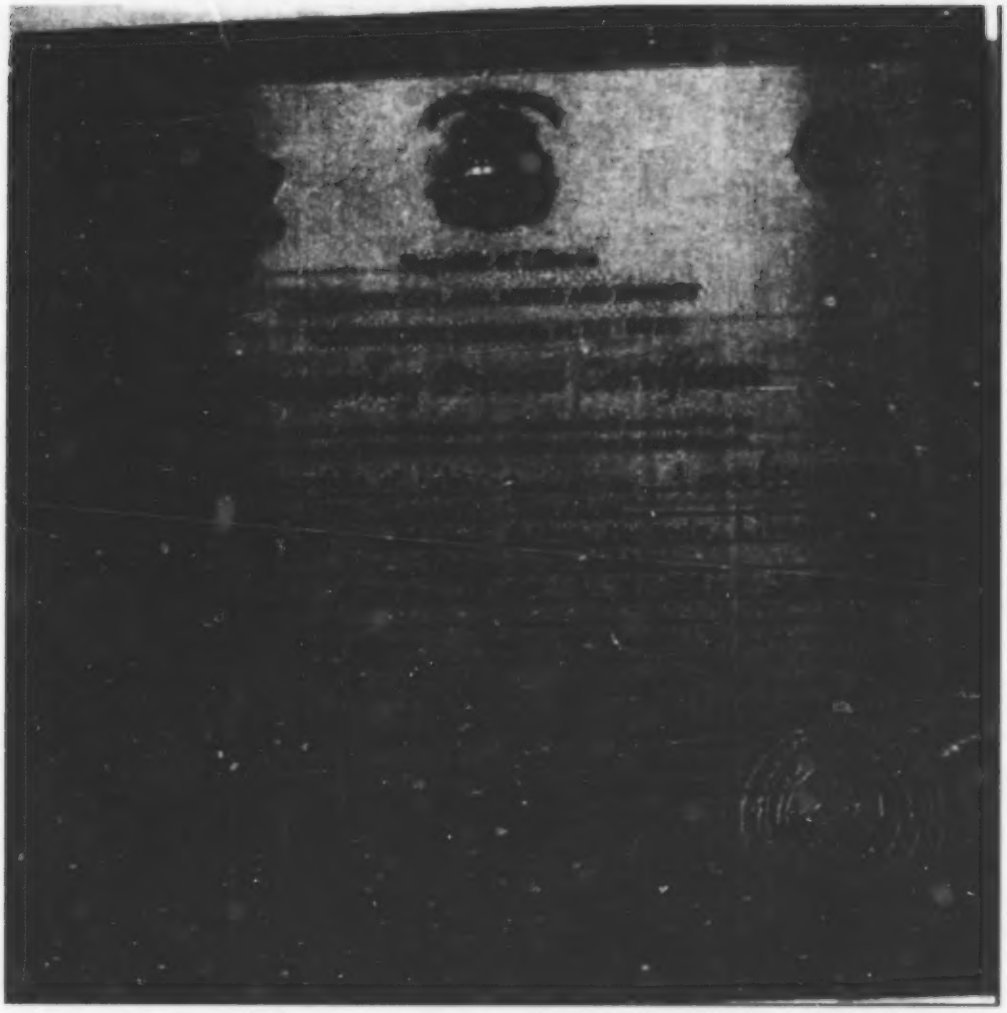
Annex XII

Letter from the Reverend Johnny Johnson to the Minister of Lands, Mines and Energy



Annex XIII

Kimberley Process certificate issued to the Reverend Johnny Johnson, 24 March 2008



Annex XIV

Photograph of Sanniquellie Regional Diamond Office, March 2008

Annex XV

Liberian Diamond Dealers Association letter, 28 April 2008

Annex

LDDA

Liberian Diamond Dealers Association

Randall Street, Lara Building, 2nd Floor, Monrovia, Liberia

Date: April 28, 2008

To: KPCS Panel of Experts, Observers and Consultants From:

Liberia Diamond Dealers Association Attention: Need for

changes in the registration process

Dear Sirs/Madams,

We the members, officials and Board of Directors of the Liberia Diamond Dealers Association are pleased to welcome you and present our compliments and willingness to assist the UN led International Panel of Experts in achieving the goals of supporting the Liberian diamond industry and preventing illicit trade and traffic of diamonds from conflict regions.

Therefore, we highly appreciate the arrival of your assessment team and believe it to be very timely considering developments on the ground.

Although we wholeheartedly support the goals of the Kimberly process, in light of our experience we feel that certain procedures in registration process needs to be changed in order to enable the legally registered diamond dealers-exporters to function successfully. The economic survival of the legally registered Liberian diamond dealerships are wholly dependent on changes being made to the current procedure, and should these not be forthcoming, we believe that many of the dealerships will be forced to close due to the lack of cost effectiveness of running a diamond export business in Liberia.

Attached is a copy of several recommendations we hastily put together upon realizing the importance of your visit and its potential for assisting us in our predicament. We would like to open a direct channel of communication and continue to correspond with further recommendations after a more detailed assessment of our own.
Mr. ustapha Tounkara

Respectfully,

LDDA - President

President: Mr. Mustapha Tounkara, Cell: +231- 6- 939-467, Email: Mustapha.LDDA@gmail.com
Vice President: Noah E. Padmore, Cell: +231- 6-491-6761 +231- 77-359-606, Email: noah.LDDA@gmail.com
Secretary: Seraa A. Kamara, +231-6-831-982, Email: seraa_LDDA@gmail.com

Liberian Diamond Dealers Association

Randel Street, Lara Building, 2nd Floor, Monrovia, Liberia

LDDA represents the legally registered diamond dealerships in Liberia. We are currently in the process of registering the association as a non-profit-corporation in accordance with the Liberian Association Laws.

Each of the member companies began activities following lifting of the sanctions by the United Nations after fourteen years of civil conflict in Liberia. Although representing a diverse variety of companies, we are all committed to engaging in the diamond business in Liberia legally.

In legally registering our activities, each of the individual companies were under the impression that the KPCS would bring about transparency, accountability and the means of operating freely for the purposes of making profit. We are all committed to paying taxes which we expect would be put to good use for national purposes.

Frustratingly, we have found that due to certain cultural and procedural issues, there is a flood of diamonds out of Liberia, as most diamond miners and brokers prefer to sell diamonds unregistered in neighboring countries. This situation threatens the financial viability of maintaining operations in Liberia.

One of the main hurdles in the process is the registration procedure at the regional container offices. Most miners are reluctant to register diamonds at these containers and therefore prefer to transport their merchandise for sale in neighboring countries. Reasons for reluctance to register diamonds include: (1) fear of alerting thieves to the possession of valuables in the absence of proper personal security, (2) reluctance to facilitating rumors concerning level of activity, (3) natural discomfort at being questioned by what should be impartial observers as if by officials with police authority.

A second hurdle is over-zealous scrutiny of the legally registered businesses as opposed to those that are not registered at all. Presenting legal documentation of license to purchase diamonds makes one the target of harassment by a variety of petty officials not necessarily connected to the Ministry of Lands, Mines and Energy.

In order to assist us improve the image of legally registered actors in the diamond trade in Liberia as well as make it economically viable for us to continue business, we hope to work in collaboration.

President Mr. Mustapha Tourlaye, Cell. +231- 6- 908-467, Email: Mustapha.LDDA@gmail.com
Vice President Hush E. Padmore, Cell. +231- 1-6761+231- 77-326-836, E-mail: hush.LDDA@gmail.com
Secretary: Senes A. Kamara, +231-6-831-662, Email: senes.LDDA@gmail.com

Annex XVI

List of pre-qualified and provisionally pre-qualified companies

A. Pre-qualified companies

No.	Name of Company	Category
1.	Alpha Logging and Wood Processing Company	Large FMC
2.	API Liberia Corporation	"
3.	Atlantic Resources Limited	"
4.	Binhai Forestry Liberia Co.	"
5.	Bopolu Development Corporation	"
6.	China Resources Liberia Ltd.	"
7.	Euro Liberia Logging Company	"
8.	Geeblo Liberia Inc.	"
9.	Global Wood Industries	"
10.	International Consultant Capital	Large FMC
11.	Liberian Natural Resources	"
12.	Olam Liberia Ltd.	"
13.	Southeast Resources Inc.	"
14.	Southeastern Trading Corporation	"
15.	Taakor Liberia Ltd.	"
16.	Texas International Group.	"
17.	Timbertek	"
18.	Unitimber	Large FMC
19.	Bengoma Corporation	Medium FMC
20.	ECO Timber	"
21.	Grand Bassa Logging Inc.	"
22.	Kparblee Timber Corporation	"
23.	Lone Start Global Trading & Investment Corp.	"
24.	Tropical Reserve Entrepreneur Enterprise	"
25.	Precmin Logging & Wood Processing	Medium
26.	D. C. Wilson Incorporated	Small FMC
27.	Edgail Incorporated	"
28.	E. J & J Investment Liberia Ltd.	"
29.	Hengda Import & Export Company	"
30.	Quantum Resources	"
31.	Liberia Tree & Trading Inc.	"
32.	West Wood Corporation	Small FMC
33.	L. K. Love Enterprise	TSC
34.	B & V Timber Company	"
35.	Bargor & Bargor	"
36.	New Liberia Resources International, Inc.	"
37.	Tarpeh Timber Company	"
38.	Yonah Agricultural & Mineral Resources Group	TSC

B. Provisionally pre-qualified companies as of December 2007

No.	Name of Company	Category
1.	Universal Forestry Corporation	Medium FMC
2.	Boe & Acquilla Agriculture Forestry Corporation	Small FMC
3.	Franbrook (Liberia)	Small FMC
4.	Tropical Logging Company	Small FMC
5.	Planning & Development Enterprises	TSC
6.	Smile International Logging Company	TSC

Annex XVII

Letter from the Chairman of the Truth and Reconciliation Commission to the Forestry Development Authority rescinding Truth and Reconciliation Commission letters of eligibility

Recd: Dec 4, 07

Republic of Liberia
TRUTH AND RECONCILIATION COMMISSION
Continental Realty Building, 9th Street, Sinkor
P.O. Box 717
Telephone: 06-615218/06-556290
E-mail: gruiltons@yahoo.com
Monrovia, Liberia

The Honorable John Woods
Managing Director
Forestry Development Authority (FDA)
Tubman Boulevard,
Monrovia, Liberia

December 3, 2007

Dear Sir:

I present you compliments and say that my attention has been called to the effect that the TRC has issued "Certificate of Eligibility for Concession Bidding" to a number of potential loggers in Liberia pursuant to a request from the FDA for pre-qualification vetting. It is the position of the Commission that the aforesaid "certificates" are null and void and unrepresentative of the TRC to present and accountable processes.

The Commission is aware that an informal request was made by the FDA to the TRC for the conduct of pre-qualification vetting of potential logging enterprises desirous of participation in FDA bidding processes. Owing to the mere fact that this request to date has not been formalized, and the TRC Inquiry Process, however robust, is ongoing, the action of the Executive Secretary to issue the aforesaid certificate is premature and contrary to the objective standards of the TRC.

The TRC therefore find no basis substantiating or affirming his actions and is compelled to void same as it is not grounded in any of the TRC core processes and procedures. We recognize, without doubt, that crimes allegedly committed by suspecting loggers in the past are germane to the Mandate of the TRC and the TRC is disposed to working with the FDA in formalizing procedures that support its goal for greater accountability in the sector. To hasten this process, we will appreciate references or copies of any law or enabling FDA Regulation to the effect of TRC participation in this phase of your bidding processes.

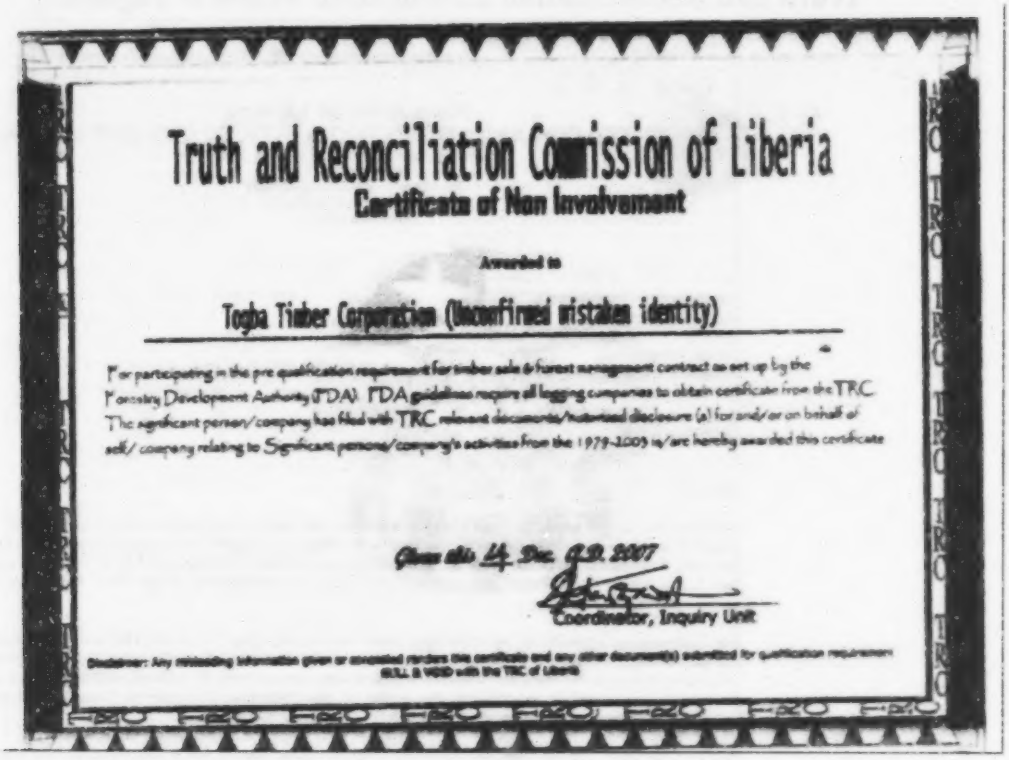
Respectfully,

Jerome J. Verdier, Sr (Cllr)
Chairman, TRC

Motto: Truth, Justice and Reconciliation

Annex XVIII

Truth and Reconciliation Commission certificate, 14 December 2007



Truth and Reconciliation Commission of Liberia

Certificate of Non Involvement

Awarded to

Togba Timber Corporation (Unconfirmed mistaken identity)

For participating in the pre qualification requirement for timber sale & forest management contract as set up by the Forestry Development Authority (FDA). FDA guidelines require all logging companies to obtain certificate from the TRC. The significant person/company has filed with TRC relevant documents/notarized disclosure (s) for and/or on behalf of self/ company relating to Significant persons/company's activities from the 1979-2003 is/are hereby awarded this certificate

Given this 14 Dec. A.D. 2007

Coordinator, Inquiry Unit

Disclaimer: Any misleading information given or concealed renders this certificate and any other document(s) submitted for qualification requirement NULL & VOID with the TRC of Liberia

Annex XIX

Forest management contract bids, 21 April 2008

Bids for FMC A – 119,240 ha

Company Name	Bid Bond (US$)	Bid Price (US$)
Global Wood Industry	50,000 (African Insurance)	13.50
Tropical Reserve Enterprise	50,000 (Global Bank)	10.55
International Consultant Capital (ICC)	50,000 (Cantonal Bank)	7.10
Alpha Logging & Wood Processing Inc.	50,000 (Eco-Bank)	10.05
Eco-Timber Limited	50,000 (Secure Risk Insurance)	3.00
Bopolu Development Corp.	50,000 (Eco-Bank)	3.27
Liberia Natural Resources Co.	50,000 (United Security Insurance Co.)	4.13

Bids on FMC B – 57,262 ha

Company Name	Bid Bond (US$)	Bid Price (US$)
EJ & J Investment Corp.	24,000 (Eco-Bank)	5.06
Liberia Tree & Trading Corp.	24,000 (Secure Risk Insurance)	8.30
Kparblee Timber Corp.	25,000 (Global Bank Limited)	25.50 (did not use official bid form)

Bids on FMC C – 59,374 ha

Company Name	Bid Bond (US$)	Bid Price (US$)
EJ & J Investment Corp.	25,000 (Eco-Bank)	5.06
Liberia Tree & Trading Corp.	25,000 (Secure Risk Insurance)	9.60
Kparblee Timber Corp.	25,000 (Eco Bank)	26.00 (did not use official bid form)

Annex XX

Timber sales contract and forest management contract timelines from Société Générale de Surveillence contract, December 2007

Appendix 7: Detailed schedule of Timber Sales and Forest Management Contract allocation

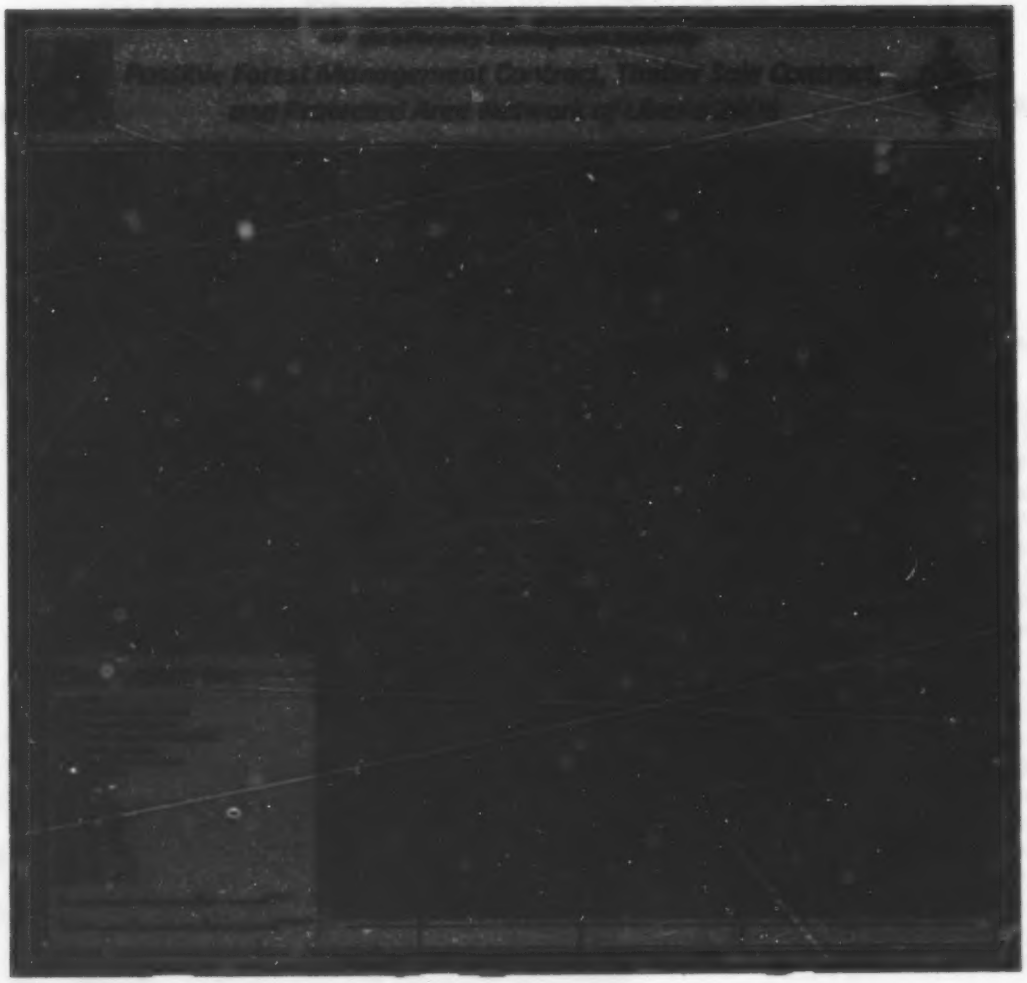
	Y1		Y2		Y3		Y4		Y5	
TSC allocated	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**
	6	1st Dec 07	4	1st Jan 09	0		6	1st Dec 10	4	1st Jan 12
	0	1st July 08			0		5	1st July 10	0	
Total (cumulative Nbr.)	11		15		15		15		15	
Total TSC + area (cumulative ha)	50'000		75'000		75'000		75'000		75'000	
TSC operational	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**
	6	15th Feb. 08	5	1st Oct. 08	0		6	15th Feb 11	5	1st Oct. 08
	0		4	1st Apr. 09	0		5		4	1st April 09
Total (cumulative Nbr.)	6		15		15		15		15	
Total TSC area (cumulative ha)	30'000		75'000		75'000		75'000		75'000	

	Y1		Y2		Y3		Y4		Y5	
FMC allocated	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**
No. of small FMCs (50'000Ha) - allocated	0		1	1st Dec. 08	4	1st Dec. 09	6	1st Dec. 10	0	
No. of medium FMCs (100'000Ha) - allocated	1	1st April 08	1	1st Dec. 08	1	1st Dec. 09	1	1st Dec. 10	0	
No. of large FMCs (250'000Ha) - allocated	0		2	1st Feb. 09	4	1st Feb 10	6	1st Feb. 11	0	
Total (cumulative Nbr.)	1		4		9		13		13	
Total FMC area (cumulative ha)	100'000		450'000		1'300'000		1'300'000		1'300'000	
FMC operational	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**	**Nbr.**	**Date**
No. of small FMCs (50'000Ha) - operational	0		0		1	1st Oct. 09	4	1st Oct. 10	6	1st Oct. 11
No. of medium FMCs (100'000Ha) - operational	0		1	1st October 08	1	1st Oct. 09	1	1st Oct. 10	1	1st Oct. 11
No. of large FMCs (250'000Ha) - operational	0		0		2	1st Oct. 09	4	1st Oct. 10	6	1st Oct. 11
Total (cumulative Nbr.)	0		1		4		9		13	
Total FMC area (cumulative ha)	0		100'000		600'000		1'300'000		1'900'000	

Total TSC + FMC area (cumulative ha) Operational	30'000	175'000	725'000	1'375'000	1'975'000

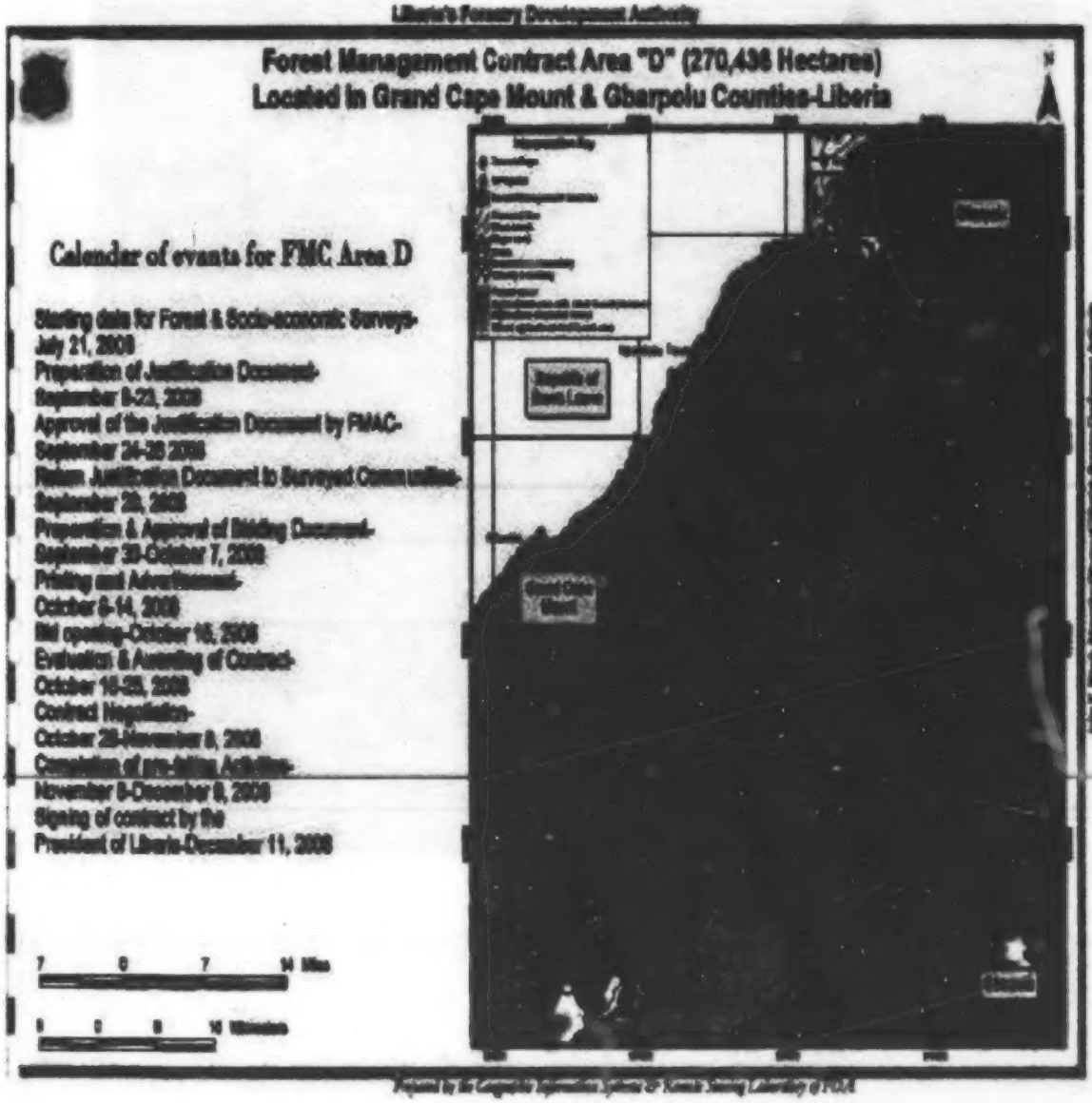
Annex XXI

Map illustrating potential logging concessions



Annex XXII

Map of forest management contract area and timeline presented to the Forestry Development Authority Board of Directors


Liberia's Forestry Development Authority
Forest Management Contract Area "D" (270,436 Hectares)
Located in Grand Cape Mount & Gbarpolu Counties-Liberia
Calendar of events for FMC Area D
Starting date for Forest & Socio-economic Surveys-
July 21, 2008
Preparation of Justification Document-
September 8-23, 2008
Approval of the Justification Document by FMAC-
September 24-26 2008
Return Justification Document to Surveyed Communities-
September 29, 2008
Preparation & Approval of Bidding Document-
September 30-October 7, 2008
Printing and Advertisement-
October 8-14, 2008
Bid opening-October 15, 2008
Evaluation & Awarding of Contract-
October 16-25, 2008
Contract Negotiation-
October 26-November 8, 2008
Completion of pre-felling Activities-
November 9-December 8, 2008
Signing of contract by the
President of Liberia-December 11, 2008
7 0 7 14 Miles
0 0 0 14 Kilometers

Annex XXIII

Gbarpolu community group letter to the Forestry Development Authority, 19 April 2008

April 19, 2008

Hon. John T. Woods
Managing Director
Forestry Development Authority

Dear Hon. Woods:

We write to acknowledge receipt of your letter, reference MD/92/08/52, dated March 31, 2008, addressed to the Bokomu District Forest and Resource Management Committee through me as Chairman and received on April 15, 2008.

We, however, wish to request information and access to foundation data from the recent social economic surveys carried out in Bokomu and Gee-Nuclalla Districts, Gbarpolu County where in Forest land under private deed and community ownership and tenure have been awarded under Timber Sale Contract and also being proposed as Forest Management Contract areas by the Forestry Development Authority.

Specifically, we would appreciate were you to provide us the following:

- A copy of the 2006 Reform Law
- A copy of the Existing Forestry Regulations
- The hand book on the preparation of Timber Sales contract and forestry management Contract
- The Justification Document for awarding TSC and proposing FMC
- The comprehensive report covering Social economic surveys validating awarding TSC and justifying proposing FMC , particularly In Bokomu and Gee-Nuclalla Districts
- Report or minutes of meetings held with affected communities in the Districts endorsing the justification document of timber sales contract and forest management contract in their forest areas.
- A copy of comments from the Forest Management Advisory Committee (FMAC) on the full draft of the report (from the validation exercise) that accompanied the draft of the strategy to the Board of Directors.
- A copy of the Forestry Development Authority board Resolution endorsing timber sale contract in Bokomu District and any comment thereof from the board.
- A copy of the prospectus awarding Timber sale Contract in Bokomu District

1

Additionally, we will appreciate were you to provide us the following:

- A copy of the National Forest Management Strategy, along with a copy of the resolution of the Board of Directors adopting the strategy;
- Copies of the accompanying documents that went along with the draft strategy to the Board of Directors. This should cover the following;
- Comments from the public and other stakeholders on the draft of the strategy;
- Report of the validation process detailing analysis of the ecological and socio-economic data gathered during the field exercise
- Any other relevant information.

Honorable Woods, as you are aware, our right to information is consistent with Article 15 C of the Liberian Constitution as well as Section 18.15 of the 2006 Reform forestry law which provide access to forestry related information.

As you may be aware, private and deeded lands are excluded from being issued any Timber Sale Contract or Forest Management Contract under National Forestry Reform Law of 2006. We refer you to

"Section 5.4 Timber Sale Contracts which states:

"a The Authority may award Timber Sale Contracts following the requirements of this Section and those in the Public Procurement and Concessions Act or its successor legislation, governing public concessions.

b. Timber Sale Contracts must meet all of the following requirements:

(i) The contract must be consistent with the National Forest Management Strategy in effect when the contract is awarded and the area must be validated locally under Section 4.5 of this Law.

(ii) The land involved must not include private land."

"Section 5.3 Forest Management Contracts

"a. The Authority may award Forest Management Contracts following the requirements of this Section and those in the Public Procurement and Concessions Act or its successor legislation governing public concessions.

b. Forest Management Contracts must meet all of the following requirements:

(i) The land involved must be identified as a potential concession in the National Forest
(ii) Management Strategy in effect at the time the concession is offered and must be validated locally under Section 4.5 of this Law.

(iii) The land involved must not include private land."

As affected communities it is our responsibilities to ensure that the FDA is following the rules; for us this would be the clearest demonstration of the FD A's commitment to the rule of law. This is also consistent with the Forest concession Review Recommendations which you spearheaded at the time serving under the Liberian Forest Initiative.

For the record, we are particularly troubled that a significant portion of TSC awarded and one of the FMCs up for tender overlaps with areas in Bolomu and Gau-Nwolaila Districts. Considering that the entire land area of Bolomu and Gau-Nwolaila Districts is under deed, we would like to confirm that indeed the FDA followed due process as established in the law regulations and hand book.

We look forward to hearing from you. We are also prepared to pay for photocopying of these documents.

Kind Regards:

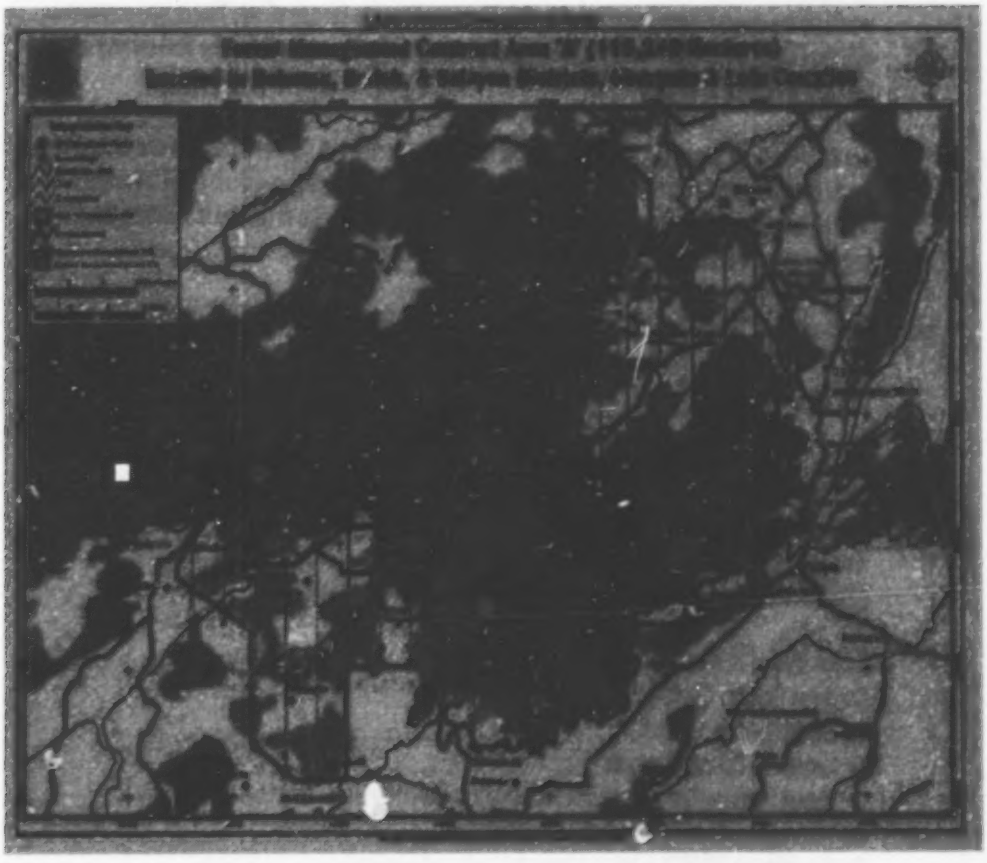
Rt. Rev. Bishop Alfred G. Reeves
CHAIRMAN/Bolomu District Forest Resource Management Committee

Rev. Emmanuel M. Kerkula
CHAIRMAN/Gau-Nwolaila District Forest Resource Management Committee

Cc: Minister of Internal Affairs
Cc: Amos Sawyer, Chairman, Governance Commission
Cc: Superintendent, Gbarpolu
Cc: Legislative Caucus Gbarpolu
Cc: Robert Simpson, Long-term technical Advisor to FDA
Cc: Peter Lowe, World Bank Forestry Coordinator
Cc: Dan Whyner, USAID
Cc: NGO Coalition for Liberia
Cc: Alfred Brownell, President, Green Advocates
Cc: Silas Siakor, Director, SDI
Cc: Augustine Toe, Director, JPC

Annex XXIV

Map of contested forest management contract area, Bokumu district



Annex XXV

Communication from Buchanan court to the Forestry Development Authority

JUDICIAL BRANCH
REPUBLIC OF LIBERIA

CLERK'S OFFICE
BUCHANAN CITY

CIRCUIT COURT
SECOND JUDICIAL CIRCUIT
GRAND BASSA COUNTY.

JANUARY 21, 2008.

Rcd
23-01-08
5:30 pm

The Managing Director
Forestry Development Authority(FDA.)
Monrovia , L I B E R I A

Mr. Managing Director:

We herewith write to officially inform you that having conducted the Public Auctioning of the 1,123 EKKI logs of 3,897.304 CUBIC METERS) at the Port of Buchanan, the Management of WAI-TIMBER became the highest bidder in the amount of $15.8488 per Cubic Meter with a value of $61,646.3788D.

This Court have received all copies of relevant receipts of payment made by WAI-TIMBER to the GOL with receipt and Bill Number as follows:-

1. FDA Bill No.3411
2. BUCHANAN MANAGER CHECK No.0011115
3. FDA RECEIPT No.7823
4. Ministry of Finance Bill No.12718
5. Central Bank Receipt No.283142

The said WAI-TIMBER by and thru his Manager, Cherafeddine Bpel is entitled to all of the 1,123 Pieces of EKKI logs value 3,897.304 Cubic Meters and he is authorized to take delivery of same without delay.

DONE BY ORDER OF HIS HONOUR
THE JUDGE PRESIDING.

Sincerely yours,
Henry F. Gareyene,I
CLERK OF COURT
2ND JUDICIAL CIRCUIT
GRAND BASSA COUNTY,RL.

C C Al:

In-house
Lawyer and
Jorge Comaras/
Please advise
me with a copy
relevant reply to
this letter. Jay
01/23/07

Annex XXVI

Forestry Development Authority letter to Buchanan county court

REPUBLIC OF LIBERIA
FORESTRY DEVELOPMENT AUTHORITY (FDA)
Kappa House
Elise Saliby Compound
P.O. Box 10-3010
1000 Monrovia 10, Liberia
West Africa
Office of the Managing Director
Cell# (231)06564070

REF: MD/24/08-1

February 12, 2008

The Presiding Judge
Second Judicial Circuit
Grand Bassa County
Monrovia, LIBERIA

May It Please Your Honor:

We write to apprise Your Honor that an official communication from the Second Judicial Circuit Court, dated January 21, 2008, written under the signature of Clerk of Court Henry W. Garsayne, I, by order of then Presiding Judge William Ware, introduced UNITIMBER as winner of the auction of 3,897.304 cubic meters of abandoned logs at the Port of Buchanan.

UNITIMBER having complied with all of GOL payments associated with said transaction; strengthened by endorsement of the auction by the Forestry Management Advisory Committee (FMAC) and other stakeholders now gives her the legal authority to dispose of the above quantity of logs stockpiled at the Port of Buchanan. We ask of your assistance in ensuring that UNITIMBER takes possession of the logs and EXPORT "A" quality logs of any species and "C" quality logs of only EKKI without hindrance from any person, organization or corporation.

Your usual cooperation is highly solicited.

Kind regards.

Very truly yours,

John T. Woods
Managing Director
Forestry Development Authority (FDA)

JTW/BS/alt

CC: Superintendent-Grand Bassa County
UNITIMBER

Annex XXVII

Photographs of abandoned logs, Buchanan

A. Pile of abandoned ekki logs ready for export, Buchanan Port

B. Logs 1,384 and 1,385 being prepared for export, Buchanan

Annex XXVIII

Letter from Unitimber to the Forestry Development Authority regarding abandoned logs

Lec-5 M/C5

Randell St. Monrovia, Liberia
Tel: (231) 06899266 -06633444

May 1,2003

Mr. John T. Woods
Managing Director
Forestry Development Authority (FDA)
Kappa House
Elias Sollby Compound
Monrovia, Liberia

Dear Mr. Managing Director:

The Management of UNITIMBER writes to inform you that there are 9,985.864 cubic meters of abandoned logs at the Port of Buchanan contrary to 3,897.304 cubic meters of abandoned logs which was won by UNITIMBER during an auction conducted by the Forestry Development Authority through the Second Judicial Circuit Court in Buchanan, Grand Bassa County. Indeed, Mr. Managing Director, there is an EXCESS of 6,088.560 cubic meters of abandoned logs at the Port of Buchanan.

In view of the supra mentioned, UNITIMBER is prepared and willing to pay all necessary fees and taxes for the excess of 6,084.560 cubic meters of abandoned logs based on the winning auction price of 15.81 USD per cubic meter.

We are looking forward to your usual cooperation and understanding.

Kind regards.

Sincerely Yours,

[redacted]
PRESIDENT

Annex XXIX

Forestry Development Authority invoice to Unitimber, 7 May 2008

FORESTRY DEVELOPMENT AUTHORITY
Kappa House, Elise Solibу Compound
Tubman Boulevard, Congo Town
Monrovia, Liberia
May 7, 2008

INVOICE

Invoice to UNITIMBER for the payment of One Hundred Thirty Thousand Four Hundred Sixty One Dollars and Seventy Four Cents representing the cost of Abandoned Logs and Stumpage Fees as shown below. This amount is to be paid to the Government of Liberia Revenue Account at the Central Bank of Liberia.

Species	Volume	Unit Auction	Value (USD)		Total Fees (USD$)
Ekki	6,088.560	15.81			96,268.14
STUMPAGE FEES					
Species	Volume	FOB Unit Price	FOB Value	% of FOB Value	Stumpage Fees
Ekki	9,985.864	137.00	1,368,063.37	2.5	34,201.60
Total Invoice					$130,461.74

Bernard N. Broplan
Financial Manager, FDA

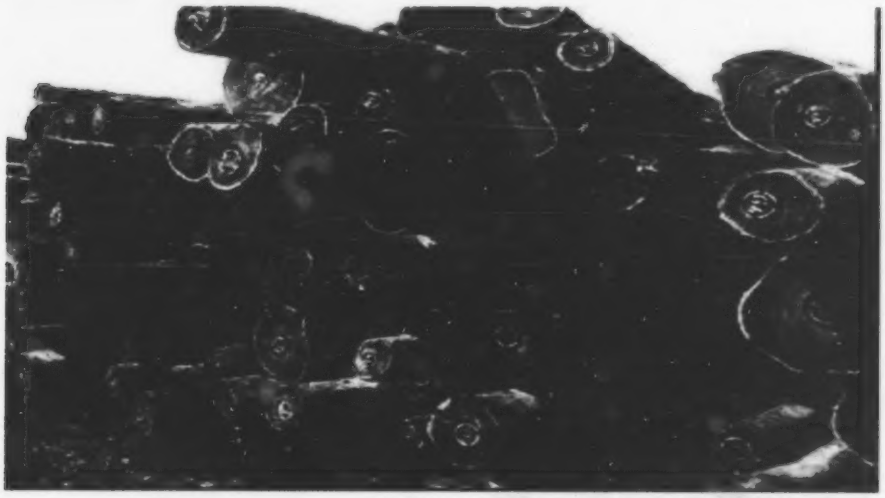
Thomas Downing
GEMAP Controller

BH 025225
BH 025226

Annex XXX

Photographs of commercial rubberwood activities

A. G4 WAO's rubberwood at the Bong Mine Pier in Monrovia



B. Buchanan Renewable Energy's pile of woodchips, Buchanan, 10 May 2008

Annex XXXI

Forestry Development Authority invoice to G4 West Africa Operations for rubberwood export, 1 April 2008

Plantation Forest Products
Export Logs Billing Form

Form # : PFP- RL001

Name of the Company/Exporter: G-4 W.A.O. Inc.
Address/Location: Hotel Africa Road, Virginia, P.O Box 10-3064, Monrovia, Liberia.
Date Issued: April 1, 2008

No.	Species /Product	No of Pieces	Volume (M^3)	FOB unit Price (US$/$M^3$)	FOB Value (US$)
1	Rubber Wood logs	1, 649	780.847	75.00	58,563.53
Plantation Forest Products Export Fees (Class "C" species)		2.5% of Total FOB Value			1,464.09
One thousand four hundred sixty-four United States Dollars and nine cents (US$1,464.09)					
Prepared by: Edward S. Kamara	Attested By: Moses Gorpudolo	Signed By: 2-04-08 Jangar S. Kamara		Approved By: John T. Woods	
Forest Products & Marketing Officer	Manager/Chain of Custody	Technical Manager/ Commercial Forestry		Managing Director/FDA	

Note: 1. This bill should be paid within the period of one (1) weeks upon receipt. The payment receipt should be made available to prepare the Actual Export Permit.
2. This document is NOT VALID unless it is Approved by the Managing Director or it's designate.